

Nation's



DECEMBER 1951

BUSINESS

(GENERAL MAGAZINE FOR BUSINESS)



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Nation's Business



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DECEMBER, 1951

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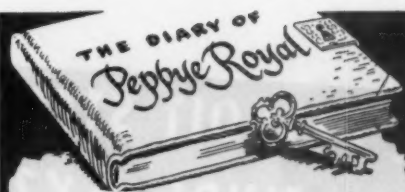
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NATION'S BUSINESS for December, 1951



Craftsman and Purveyor of Fine Furniture wrought of Steel; who also delivers of his thoughts on Many Another Topic



November 1st—Much discourse anent political turpitude amongst government officials. One questions if there is truly more of such or had we merely winked at it formerly.

November 5th—My daughter fetches home her algebra problems. Much embarrassed am I after years of bragging on my owne scholastic virtuosity.



November 6th—To a banquet honoring one Henry Fitterer, retiring faithful employee of mine for 32 years. Having made comprehensive plans for occupying himself, he will find deserved happiness in his retirement.



November 11th—This armistice day finds me pondering whether we forge the weapons to combat our enemy, who fights by fomenting trouble and capitalizing on discontent. This we neglectfully or ineptly do not battle, which forsooth, needs doing as well as arming.

November 14th—Very good company and merrie at a harvest square dance. Afterwards some gay ladies lost not their geometrical inclinations, going in for triangles.



November 18th—This august publication oftentimes displays advertisements of mine competitors. Altruistically may I declare that they make good products and merit your patronage. Selfishly may I add that you first see if my own Royal wares are not available.



November 21st—'Tis said that man's mind controls man's body. May I observe that woman's body controls woman's mind... and man's too.

November 29th—Thanksgiving day. Would suggest that this day be removed to March 15th. By so doing we might offer thanks for paying our taxes, which though large, are meagre in relation to the privileges we enjoy.



November 30th—So ends the month, one of my best. Grateful am I to many... my patrons, my material suppliers, and my craftsmen.



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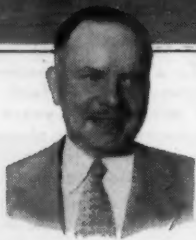
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MR. H. D. PALMER
President

More than 28 years of operation of its Metropolitan Oakland Area branch plant have brought the Detroit Steel Products Co. profit-making advantages they sought by locating a plant here—and have made the plant one of the company's most successful operations—according to Mr. H. D. Palmer, president, who says:

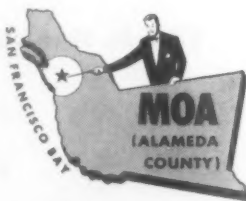
"Oakland is near the center of the West Coast markets and is the hub of a transportation network. An excel-

lent type of skilled labor is available. Steel and other raw materials can be secured from producers nearby. The location is excellent as to climate and the other factors that make for efficient production and distribution.

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Detroit Steel Products is one of 228 leading companies with branch plants in Metropolitan Oakland. If you seek the profit-making advantages they enjoy here, investigate before you locate a plant anywhere.

*MOA stands for Metropolitan Oakland Area—includes all of Alameda County. Wide variety of sites in rural and semi-rural areas conform with Government's "industrial dispersal" program. Moderate cost of acreage plus year 'round mild climate, make possible single-floor buildings for efficient, straight-line production.



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About this Issue



EVER heard of "riskless socialism"? Roughly, it refers to an economy in which the tax collector gets the biggest part of business profits, without sharing any of the risks involved. If this sounds familiar, it's because it keynotes the new concept of government under which American business must learn to operate. How to live with this "ism" and what it is doing to this country are explained by **MERRYLE STANLEY RUKEYSER** in "Corporate Route to Socialism."

Rukeyser, once called the "boy wonder" because he became financial and business editor of the old New York Herald at the age of 23, has been working for newspapers since his freshman year at the Columbia School of Journalism. For many years he has been writing a daily syndicated column on the human side of business and finance.

While doing various newspaper chores, Rukeyser also taught financial journalism at Columbia for 17 years, and authored six books on investment. As a lecturer, he has spoken in all but four states. And as a commentator and as a guest, he has made numerous radio appearances.

SOME time ago **BLAKE CLARK** visited Venice and watched its world-famous glass blowers at work. He came away impressed that anybody could make glass in such fascinating and fantastic shapes. So it was difficult for him to believe, when he and his wife, Deena, set out to do an article on the Corning glass works, that the skill of the Venetians could be equaled. This notion was altered considerably, as you'll find out in "Magicians in Glass."

Clark, who is a roving editor of the Reader's Digest, met his wife-to-be on shipboard en route to the Hawaiian Islands, where he taught English at the University of Hawaii. Mrs. Clark also was bound

for a teaching job in the islands. Usually they go their separate literary ways and collaborate only when an assignment is especially interesting to both, as was the Corning story.

CHARLES ADDAMS, illustrator of "Our 'Loyal' Saboteurs," has drawn for the *New Yorker* for the past 15 years and has published three cartoon collections, the last being "Monster Rally."

Born in New Jersey, Addams officially lives on Long Island, but works in New York City in a greenhouse. His hobby is collecting medieval arms and armor. So far he has rounded up 14 crossbows, which he sometimes feels are more than enough. Addams is also an automobile enthusiast and, as such, is extremely proud of his 1928 Mercedes-Benz.

The sabotage article is his first assignment for *NATION'S BUSINESS*.

WHILE MILTON LEHMAN was with the U. S. Sixth Fleet in Mediterranean waters late this summer, he was in once-familiar territory. This time he was seeing it through Navy eyes. His first look had come as a combat correspondent for the Army's *Stars and Stripes* in the last war, when the Italian boot and its environs were his beat. Thus the Riviera, Rome, Naples and Anzio meant more than map or guide book names to him.

As you may have guessed, there was no private debate on Lehman's part when we asked him if he would like to sail with the Mediterranean fleet and then tell our readers about his experiences.

"GETTING out of college was one of my early mistakes," says **ANDRE FONTAINE**, who wrote the migrant worker article in this issue, "because it was 1931 and nobody cared."

Fontaine started off by selling classified advertising, then switched to a job in a rubber factory, and later worked his way around the world.

One day he asked Christopher Morley how a person got into the newspaper business when he had no experience. "Newspapers," he was told, "live on news. If you give it to 'em, they'll pay you for it. Pick your paper, go to the editor and tell him you're going to start sending him news and what's he going to do about it."

Fontaine did and that started



**Get on the road
to greater sales . . .**

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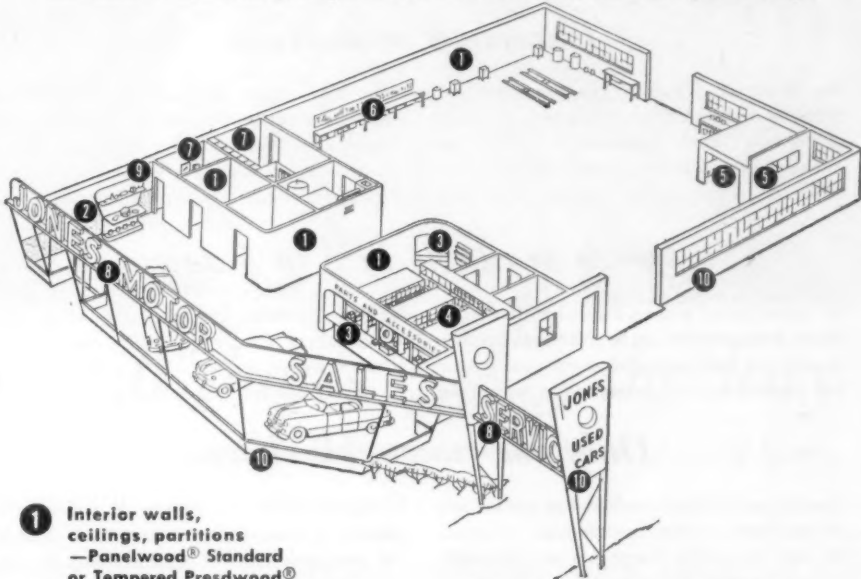
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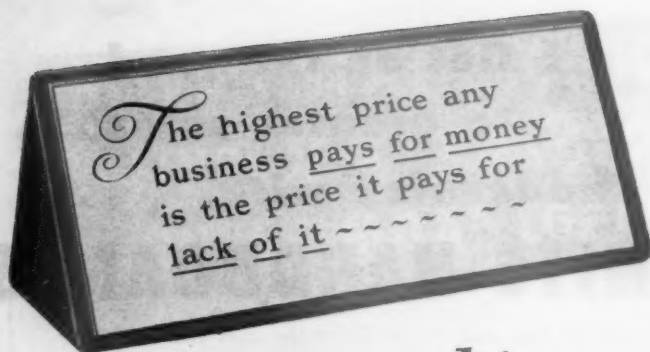
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some ten years of newspaper work in and around New York. In 1944 he began four years as associate editor of *Collier's*. "In 1948," Fontaine told us, "I got fired, which turned out to be even better. Otherwise I'd never have had nerve enough to start free-lancing."

WE DO a wonderful job of turning out the 5,000,000 different items our country requires. But we don't do so well when it comes to getting them to the hands of consumers. Failure to correct this could threaten the enterprise system and change prosperity to hard times. This, says **AL N. SEARES**, is the reason for his warning, "Start Selling—or Else!"



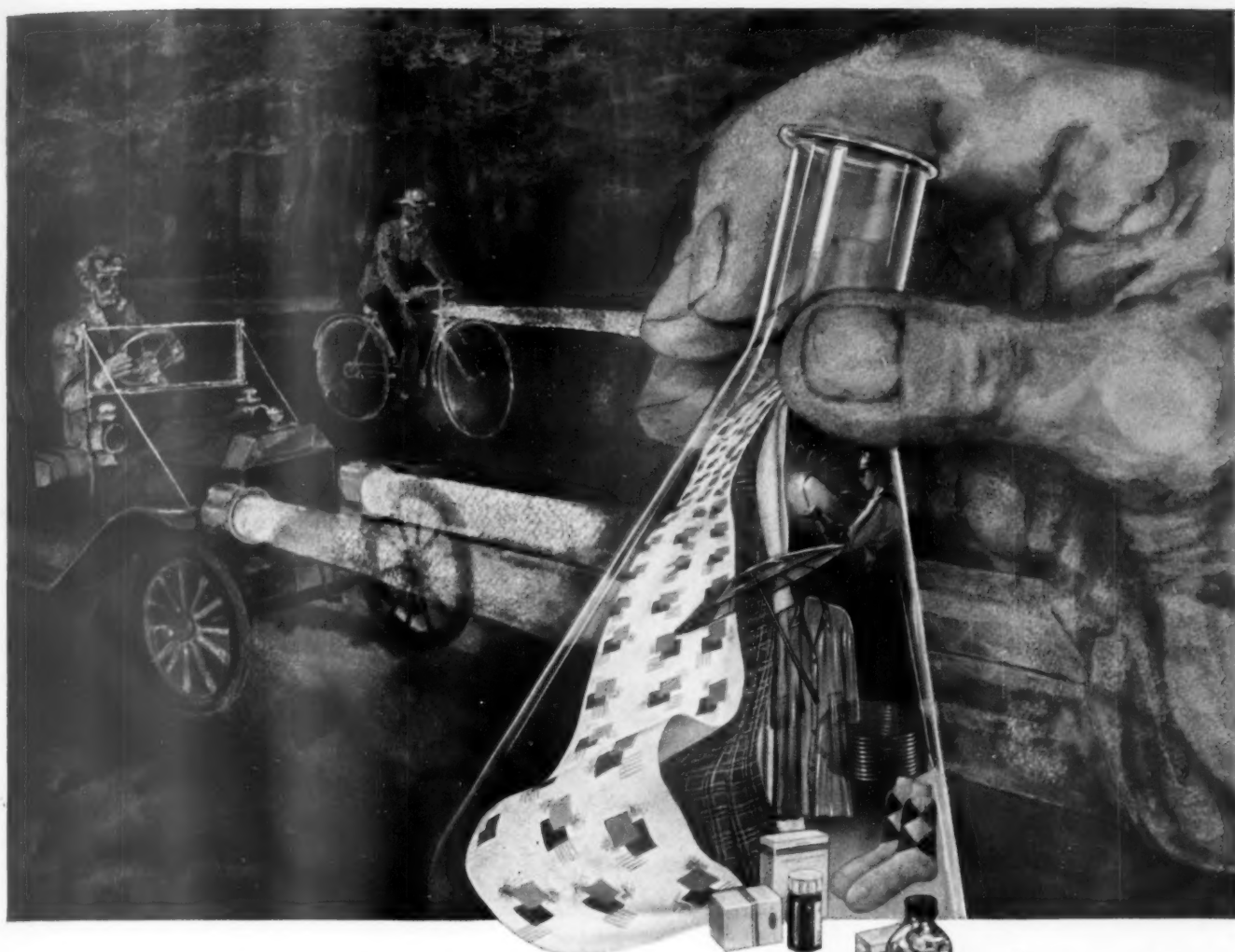
Seares began his selling career in Los Angeles in the early 1920's and moved up to become vice president and director of domestic sales and service for Remington Rand, Inc.

Last June, he was elected board chairman of the National Sales Executives, an organization which has as its objective "Better standard of living for everyone through better selling."

OTHER contributors to this issue are . . . **SUMNER PIKE**, member of the Atomic Energy Commission . . . **KEN JONES**, free-lance writer who has worked out with the French Foreign Legion, the FBI and Hollywood stunt man just to get a story . . . **BRADFORD SMITH**, whose short story is his first sale to *NATION'S BUSINESS* . . . **EDITH STERN**, who has managed to hit our Christmas issue two years in a row . . . **JUNIUS B. WOOD**, author of the seed beds of socialism series and now an article on "The Jungle Land of Taxes."

TWO YEARS ago **ROBERT RIGGS** painted our December cover. It was so well received that he was asked to do so again this year. His current Christmas scene, with its subdued tones and feeling of serenity, is typical of the Pennsylvania Dutch countryside, with which he has been acquainted for many years. On the professional side Riggs is one of the few artists to win top awards for both commercial and noncommercial work.





Acetylene still shows the way

Your nicest textiles—as well as vitamins, headache remedies, plastic garden hose, or welding on your car—may stem from this versatile gas

FORTY YEARS AGO acetylene gas made from calcium carbide was used for home and street lighting, and was in common use for bicycle and automobile lights. Though these old lights have long since gone out, acetylene has gone on to chemical greatness.

IN CHEMICALS—Today, acetylene is the parent of hundreds of chemicals and chemical products used to make plastics, insect sprays, vitamins, aspirin, sulfa drugs and many other things.

Acetylene is the source of some of the basic chemicals in *dynel*, the new wonder textile fiber. It also goes into the Vinylite plastics used in beautiful home furnishing materials, protective coatings, and a host of other products.

IN METAL FORMING—In the production and use of metals, acetylene teamed up with oxygen has revolutionized many industries. From mines-to-mills-to-manufacturer,

you will find oxy-acetylene cutting, welding and metal conditioning.

50 YEARS OF PROGRESS—The people of Union Carbide have produced acetylene for over half a century. Through continuous research they have made many remarkable acetylene discoveries important in the lives of all of us.

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Key to better research . . . WHIRLING OIL TO MAKE BETTER DRIVES. Here, advanced studies in hydraulics are being conducted. Inside this transparent model of an automatic transmission, oil is pumped at high speed against various types of vanes and the action recorded in motion pictures taken at 7,000 frames a second! This speed had to be reached to show exactly how much turbulence is created by the flow of oil around the vanes, making it possible to determine the most efficient design.

Automatic driving is out of this whirl

FEW car owners realize how long it takes to develop an idea from the dream stage to a working reality.

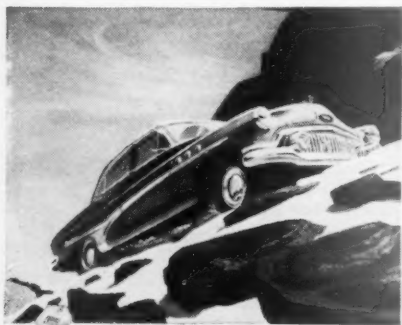
The automatic drive is a typical example. More than 25 years ago General Motors began to seek a new, simpler, smoother way of transmitting power from engine to wheels.

First it was a subject of long research in which new discoveries were made about the behavior of liquids in motion.

Then GM engineering took over, translated laboratory developments into scores of working models, weeded them out

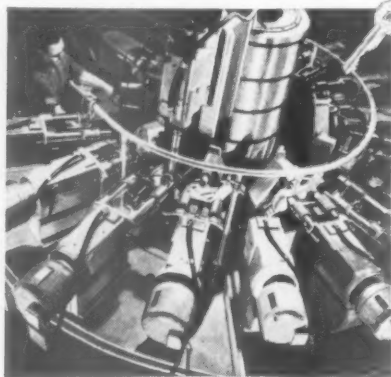
by many brutal tests to find the most practical. Finally GM production units worked out ways to manufacture them at low cost, to give you the automatic drives available on all GM cars—Powerglide, Dynaflow, and Hydra-Matic—plus heavy torque-converter drives for buses, military vehicles, and construction machinery.

This is a cycle that never stops at General Motors—on every phase of automotive advancement, from fuels to finishes. That is why the key to any General Motors car is your key to greater value.



Key to better engineering

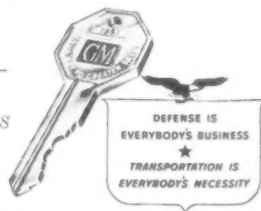
TESTING ON THE TOUGHEST HILL OF ALL. Before a new automatic drive is put into production, GM's engineers test it on Pikes Peak—almost 14 miles of relentless 10% grade and hairpin turns. The summit is 14,110 feet above sea level—which cuts horsepower in half. Here they test the newest automatic drives—in trials more wicked than you could meet in usual motoring—and make design improvements before manufacturing takes over.



Key to better manufacturing

ACHIEVING VOLUME THAT MEANS VALUE. Getting a precision assembly like an automatic drive from laboratory to production line calls for high-speed methods of making them at low cost. Typical solution: this automatic 18-station drilling machine whose infallible electric fingers help form 108 transmission parts an hour with super-precision. Such equipment brings automatic driving to GM car owners at reasonable cost—and gives GM vital skills for defense work.

YOUR KEY TO
GREATER VALUE—
THE KEY TO A
GENERAL MOTORS
CAR



GENERAL MOTORS

"MORE AND BETTER THINGS FOR MORE PEOPLE"

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GMC TRUCK & COACH

MANAGEMENT'S WASHINGTON LETTER

✓ NEW SHORTAGE: Money.

Profits go into inventories when business is expanding. And until they're sold they take cash from the till instead of adding to it.

Federal tax collectors take a bigger bite. And expanded business takes more cash for operating.

Thus the new shortage.

Hardest hit: Companies whose rapid expansion has put them in top excess profits bracket.

Federal taxes take 69.99 per cent of their net income dollars.

Which leaves 30 cents on the dollar to cover other taxes, inventories, operating costs, expansion, dividends.

Which explains in part why bank loans are rising—and why dividends can go down while profits go up.

Some firms borrow to pay taxes on excess profits they haven't got—in cash.

✓ YOU CAN SEE stiff competition coming by looking at plant expansion figures.

Study shows that equipment for production of goods has jumped more than 80 per cent since 1945.

Most of that was in place before defense program got under way—so most of it is for civilian goods.

Compare that with booming rise of the mid-20s. From 1923 through 1925 increase in producing equipment was 22 per cent.

What happens when plant expansion comes in great surges?

Shoe industry's recent history shows what can happen. Its plant capacity has been built up to about 650,000,000 pairs a year.

This year it will make about 470,000,000 pairs. Many of its plants are on short workweeks. Some close entirely for periods while waiting for demand to catch up with supply.

What happens to prices? Shoe people have reduced theirs twice in last few months.

Another expansion effect now taking place: Manufacturers are looking for markets for some plastics that were short last summer.

Sharp rise in chemical output—as great as 170 per cent—turns shortage into plenty of some chemicals.

Tough? Yes, but that's traditional

pattern of American industrial progress. Greater efficiency. Lower prices. Problems for the fellow who doesn't keep up.

✓ PEACE IN KOREA would bring many broad—and some unexpected—results.

Purchasing agent chasing hard after another carload of steel wouldn't run so fast—might decide he didn't need it.

Congress would be plastered with protests from parents of boys in service—against keeping them there.

Pressure would be lower. There's little doubt workweek would be cut. Suppose just the overtime were cut off. It might affect your business.

Bureau of Labor Statistics finds (in study based on week in June) that average overtime payment was \$6.30 a week in all manufacturing industries.

These industries employ 16,000,000 persons. So that's a difference of \$100,800,000 a week—a payroll drop of ten per cent.

✓ IS THERE PROFIT in war?

Look at Chrysler, one of the nation's biggest war contractors—

Chrysler's investment in plant, property and equipment September 30 was \$221,519,166. A year earlier it was \$129,708,542.

Sales in first nine months of '51 were \$1,985,044,029, a 25 per cent rise over same '50 period.

Vehicle sales went up from 898,170 to 1,117,246 in that period. During the year Chrysler was awarded nearly \$1,000,000,000 in defense contracts, has more coming.

So all its figures are up sharply—except working capital and profits.

Working capital dropped by 30 per cent. Profits (nine-month period) plummeted from \$105,246,991 in '50 to \$50,108,179. That's more than 50 per cent cut.

✓ SELF-SELECTION—that's department stores' fancy talk for self-service—spreads rapidly.

Nearly every department store item that may be looked over by the customer without salesperson help is being put out where he can get at it.

Merchandisers adopt supermarket idea

MANAGEMENT'S WASHINGTON LETTER

for two reasons: It picks up extra sales, cuts down on sales payroll.

Self-selection has spread from housewares and notions to women's ready-to-wear, men's accessories, groceries, hardware.

No regular check-out lines. Would upset department store decorum. But the idea's there. Salespeople are stationed at the cash register, and there are fewer of them.

✓ **BATTLE BREWS** over price-control policy on goods selling for less than ceiling prices.

Controllers would like to lower ceilings, hang onto controls.

But soft goods industry protests strongly, points out that intent of Congress was to hold prices, not roll them back selectively.

Industry representatives contend their depressed prices will recover, that lowered ceiling would build recession into their business.

Probable outcome: Suspended controls. Thus red-tape of compliance would be eliminated while prices are lower than ceilings, could quickly be re-controlled if they climb to present ceiling levels.

Complete decontrol will come in two classifications: Military goods, more small volume dry goods and luxury lines.

✓ **SHOULD FEDERAL** agencies collecting confidential business information turn it over to other federal agencies? Bureau of Budget's Office of Statistical Standards asks that question in a letter to other bureaus.

For years Bureau of Labor Statistics, some others, have collected information on wages, hours, employment levels, other points from individual companies on a voluntary, confidential basis.

Such collections are the basis for much of the government's statistical compilations, business indicators.

Interest in pooling individual company information—implied by Statistical Standards' letter of inquiry—worries bureaus that collect it. They fear it will endanger good will built up for years among participating companies. They fear also big drop in their incoming mail if pooling were to make it available to all other government agen-

cies, including enforcement divisions.

Don't confuse these compilations with statistics collected on a mandatory basis—such as the census of manufactures, required by law.

Agencies that compile the mandatory collections are authorized by Congress to share their information with other agencies similarly authorized.

Note: Confidential nature of voluntarily submitted information is protected by law. Would take Congressional action to carry out any proposed change.

✓ **HANDLE WITH CARE** Government's figures on personal savings.

Commerce Department shows money pouring into savings during this year's third quarter at annual rate of \$21,700,000,000.

Here's how that figure is computed: Total income—less taxes, less personal consumption expenditures, equals personal net savings.

Thus the savings figure is residual. So it changes whenever one of the figures ahead of it is revised—with great leverage.

For example: At present levels one per cent change in consumption expenditures equals a 10 per cent change in savings.

Such adjustments are made as new information reaches Commerce statisticians. And trouble is: Information never stops coming.

To see its effect, let's look at savings for the first quarter of '49. When first computed they came to (annual rate) \$21,200,000,000—nearly same as this year's third quarter.

In succeeding monthly reports this same '49 first quarter diminished to \$18.5, \$17.1, \$16.3, and \$14.8 billion.

And in Commerce's 1951 Survey Supplement that same '49 quarter has dropped to \$10,300,000,000.

✓ **HIGHER INCOME TAXES** chop consumer sales.

Better take a close look at the new rates before you conclude that's so.

It may be, depending on which class of consumers you deal with.

Average factory worker this fall was paid at weekly rate of \$64.40. If he's married his withholding tax is \$7.90 per week. Compares with \$7.10 under old rate. So difference is only 80 cents.

He's in a big consumer spending group. The \$5,000 a year married man pays \$14.70 weekly under the new rate, compared with \$13.20. And the \$10,000 a year married man now pays \$33.90, compared with \$30.50—an increase of \$3.40.

Factory workers' pay increased 9 per

cent during the last year—far more than his taxes have gone up.

✓ **U. S. PEOPLE SPEND** more for taxes than for anything else.

Last year the bill was \$51,000,000,000 for federal taxes, plus about \$18,000,000,000 for state and local taxes.

Because of the war? That wasn't the biggest cost.

Public welfare programs administered by federal, state and local governments took \$22,775,000,000 for civilians, and another \$6,546,000,000 for veterans.

That's a total of more than \$29,000,000,000 for welfare out of the \$69,000,000,000 tax bill.

✓ **FEAR OF SHORTAGES** may cure them, in some fields.

National Production Authority estimates commercial construction during '52 will be cut to 40 per cent of '50's \$1,300,000,000 spent for stores, lofts, garages, restaurants and such.

But head of one big building design firm reports only one new job has come in during last four months.

He blames that on Government talk of scarcities, restriction, allocations; finds much building being postponed by fear of having job stopped mid-way.

Would pay you to look sharply at materials availability, not accept general impressions.

✓ **NINETY-EIGHT** per cent of businessmen will go along with controls program.

So Government won't try to police them all "in order to catch the dishonest two per cent"

That's how an NPA spokesman sees it. There are other reasons why Government won't police producers. Would be almost impossible to check on inventories—a vast, fluid field unknown to Government regulators.

Materials inventory today is semi-processed goods tomorrow, product inventory the day after.

Don't overlook Government's big stick when it comes to enforcing wage, price ceilings.

Under 1951 Defense Production Act amendments authorities have power to break a business whose operators are found guilty of busting ceilings.

Example: If a manufacturer pays over ceiling for materials, not only the overpayment, but the whole materials bill may be disallowed as an expense for income tax purposes.

Same applies to fixed wages. Same applies to distribution industry.

That's Government attorneys' interpre-

MANAGEMENT'S WASHINGTON LETTER

tation of DPA amendments. Some private lawyers agree. There's been no test case.

✓ **DON'T USE CURRENT** Controlled Materials Plan schedules for a yardstick in your forward planning.

CMP administrators work in the dark—in twilight at best. Their views are subject to broad change.

So far CMP officials have been unable to tie down military requirements in terms of materials.

There's little doubt that military estimates are at the top of the high side—no brass wants to be caught short.

And there's little doubt that industry's own estimates are ample.

Likely prospect: When "requirements" are shaken out to real need materials squeeze will loosen.

✓ **RATE OF RISE** in Treasury expenditures is key to defense program progress.

These show that actual payout for three armed services are from \$115,000,000 per business day in June to slightly under \$140,000,000 in October.

Shows steady rate of rise. But it's about half the rate that would be necessary to reach Pentagon plans by the end of fiscal '52 next June 30.

✓ **BRIEFS:** Overload of men's clothing means promotional sales will continue through December, January—when bigger sales will come as retailers try to match year ago boom figures. . . . Manufacturers' new orders were less than sales in September—for first time in two years. . . . That last Government pay raise means \$54,000,000 a month extra. Ninety per cent of it goes to 2,250,000 Government employees stationed outside Washington. . . . Chemicals now account for 20 per cent of U. S. industrial output. . . . Nation's farmers have more than doubled their investment in farm machinery, equipment, since 1946. . . . Short change: An Ohio vending machine operator last month was offering \$102.50 for each \$100 worth of pennies he could find. . . . Progress note: Radio retailer sold a set to customer who has tired of television, noticed that his radio was 12 years old.

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**PREFERRED AMONG
MEN AT THE TOP**

By My Way

R. L. DUFFUS

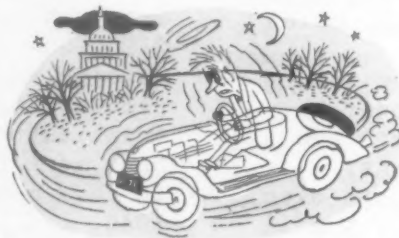


Washington on wheels

OUR regular postseason business trip (so-called because it is a pleasant part of my business to take an occasional look at parts of the United States and other countries and the dwellers therein) carried us south to tidewater Virginia and back through Washington. (I do not live in Washington, though I do pick up mail there.) Some people think our national capital's outstanding feature is politics. This is not so. The outstanding feature of Washington is the motorcar, either in frantic motion or standing patiently at the curb. A Washingtonian who owns a motorcar seldom dreams of arranging a garage for it. In fact, if the automobiles of Washington each had garage space the automobile owners would have to sleep in the streets—there isn't room for both indoors. So Mr. A. drives around until he finds room at the curb, five blocks away, in front of Mr. B's house. And Mr. B. drives around until he finds room at the curb, five blocks away, in front of Mr. A's house. What Washington needs is a motorcar that can be folded up like a baby carriage, and perhaps carried up in the elevator and used as a bed at night.

Dupont merry-go-round

THEN there is the story of the motorist in Washington who committed some unforgivable sin—



maybe he talked back to a traffic policeman—and was condemned to spend eternity driving round and round Dupont Circle. Escape is impossible because whatever lane he follows in the hope of getting into

whatever avenue is always the wrong lane. I know a man who has a friend who met an acquaintance who had seen this Flying Dutchman, haggard, bewhiskered, forlorn, making one more hopeless dash for liberty, in a car that is always threatening to fall to pieces but never doing so. This was late at night, and the narrator was glad he had previously had three or four drinks to steady his nerves.

What century, please?

IF YOU are a charming middle-aged or even slightly elderly lady in Williamsburg, Va., or if you are a wigmaker, a printer or a blacksmith you may find yourself a job which will require you to dress up in a becoming colonial costume and meet the visiting public. This is because Williamsburg, with Rockefeller's generous assistance, is being turned back into a colonial town. You enter an inn. Patrick Henry slept there. You go to the Governor's Palace. Jefferson used to take his fiddle over there for an evening of music. Of course not every building and not every person is colonial. The policeman who firmly but courteously warned me not to cross white lines while driving was not. The carpenters who were hammering all day long building a lovely old house from the foundation up wore overalls like other carpenters. But I got to wondering, what century is this, anyhow? Is it the eighteenth century that is real and the twentieth that is imaginary? I had to leave Williamsburg—regretfully—before I was quite sure. (In case anybody is uncertain, it's the twentieth.)

50 cents, but worth it

IF I got my centuries mixed in Williamsburg I got my decades scrambled at Gloucester Court House, where I had a small steak sandwich on a roll, a serving of corn pudding and a glass of iced coffee for a total charge of 50 cents. A tip didn't seem to be expected, either. It was at Gloucester, too,

that I peeked into the old debtor's prison on the green and wished I could get arrested for debt, or some other small crime that didn't do any harm to anybody, and be shut up there for a while. It did look so peaceful and out of the world!

Refuge for the wild

I SAW a roadside sign, with a directional arrow, reading "Wild Life Refuge." If I'd been an eagle or a bee I'd have headed that way, and I imagine many eagles, bees and so forth do so. And so should some drivers.

Map study

IT IS EASY to drive long and hard and not see the country. The driver, for example, can watch the road and look out for other cars—in fact, he'd better. The nondriver—what we call in our family the navigator—can read guide books and maps and keep telling the driver where we are going to get if we keep moving. When we do get there our attention may be centered upon some place still further away. But it's quite a country—so I gather from those who have seen it.

Lunch at Smithfield

PERHAPS not everybody loves ham. Possibly some who love ham don't love Smithfield ham. But I do, and one of the pleasantest hours of my life was one we spent lunching on Smithfield ham in Smithfield, Va. For miles around the country is perfumed with what this ham tastes like. Local people declare, in print and orally, that the taste and aroma can't be duplicated outside of Smithfield, or at least out of Isle of Wight County. They say the big Midwest packing corporations have tried and failed—something, the soul or whatever, was missing. I cannot say, because I always try to be neutral in discussions that arouse strong emotions. I have had good ham with a Chicago or Omaha dateline on it. But I shall always have a soft spot in my heart and a stirring of the salivary glands when I think of Smithfield, Va.

On changing tires

I CAN typewrite, pick out tunes on the piano, mow a lawn, split wood, milk a cow, ride a bicycle with my hands off the handle bars, do plain cooking and paddle a canoe. I can read French easily and speak it well enough, as the French say, to

When the chips are down and you are up against it

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pull myself out of affairs; I know a little German, a little Italian, a little Spanish; I can swim, though not well. In short, I am not totally incompetent or half-witted, except in one field: I can't change a tire. Perhaps I could if I were on a desert island, but I never am. I can hitch up a horse, though. Anybody got a horse?



Cross traffic, etc.

CROSS-COUNTRY driving is fun if one can manage to avoid the great highways that have been built to make it easy. I like a winding road, just good enough not to shake the car to pieces and just bad enough not to attract traffic. . . . We came on one sign that read: "Cross traffic ahead." We continued and there was. . . . Filling stations have an atmosphere and architecture all their own. I wonder if, when the Atomic Age has made them obsolete, they will be preserved as museums and if people will make pilgrimages to see them, and call them quaint. . . . The French, as we noticed last spring when we were driving around their charming land, plant trees beside new roads—any new roads, not just parkways. As a rule we Americans don't do that—we plant billboards. . . . On the other hand, it is sometimes pleasant to be able to pull off the road and get something to eat, just as the sign 1,000 feet up the line predicted.

Not too gloomy

OBITUARY columns aren't wholly gloomy, I was thinking the other day. I had come on a paragraph about a man who had passed away at the age of 90-something; he had been told 65 years earlier that he had but two years to live. Another man had resigned from a federal post in 1917 because his health was failing; perhaps it was, but he went on for 34 years before death claimed him, at the age of 80. A third case was that of Leonard Keysor. Keysor was a British soldier on the Gallipoli peninsula during the first World War. When the Turks threw grenades into the British trenches, with the fuses cut short, it was Keysor's custom to

catch them and throw them right back. For this he received the Victoria Cross and death, which must have reached out for him many times, did not grab him until this year. In short, though the obituary columns do tell of people who have died, they also tell of people who have lived. There is a sort of triumphant note about them sometimes that makes one not sorry to be a human being.

"Correct temperature"

AS I RIDE to and from the big city I pass an outdoor thermometer bearing the sign, "Correct Temperature." I have seen that thermometer go as high as 90-odd above zero and I have seen it a point or two below zero and I still can't figure out which is the "correct" temperature. I don't believe there is any correct temperature. What is correct for one man is totally incorrect for another. When we get a temperature that is correct for everybody, and stays that way, the millennium will be here. But then, of course, we won't need any thermometers.

The old stamps were nice

THE NEW postage stamps of which we get so many these days are very pretty but they do take a lot of licking. Sometimes, after sending off a dozen letters or so, I'd be willing to swap the big stamp that commemorates the anniversary of the invention of chewing gum or the centenary of the discovery that two can't live as cheaply as one for an old-fashioned little stamp that just said United States Postage and let it go at that.

Petunia seeks variety

MANY persons say that cats are too set in their ways. Some cats may be, just as some people are, but not all cats are, just as not all people are. The cat I know best is always looking for something to vary her daily routine. Petunia, for it is indeed she, has just been trying out chairs. She used to sit in a big overstuffed affair at the left of the fireplace in our combined living and dining room. Then she took up with an easy chair in my combined bedroom and study. Sometimes she goes up to the balcony, pries the top off a carton and gets in. She has days when she likes to be under things. And lately she has been methodically trying out, one after another, the dining-table chairs. They aren't, from a cat's point of view, comfortable, because one is always stretching a

bit too far and almost falling off. But Petunia seems to want to find out why this is so. At the age of twelve and one-half her curiosity remains unabated and she faces change with a smile.

Boy up a tree

THE IMPULSE to build houses in trees must be as old as the ancestral anthropoid who first dropped out of the forest and took a little run on the ground. I was part owner of a very good tree house in Williamstown, Vt., many years ago—above the falls of Stevens Branch, on the old Ainsworth (sometimes called the General E. Bass) property. I also helped build a somewhat flimsier tree house or platform in a tree on Justin Moody's land in Waterbury, Vt., (I don't think he ever knew about it, though he had side whiskers and was considered a shrewd businessman) but after we had built it we never went there much. I believe we grew up or something. Last fall the small boys who live up the hill from us, and their friends, felt the ancient urge. My wife heard one of them, on an unseasonably warm, sunny afternoon up in his tree all by himself singing a little peaceful, aimless song, over and over. That is one thing you do in a tree house. The other thing, if there are two or more of you, is to organize a secret society and think up passwords, grips and penalties. I don't dare ask a present-day small boy if he has secrets of that sort but I'll bet he has. And I envy him, for never again will he be as rich as he is now.



Christmas, pro and con

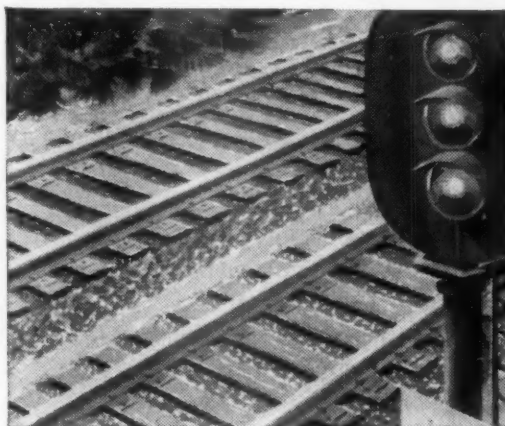
THE HOLIDAY season is not all oranges, nuts and candy; it is not all sleds, skates, baseballs, gloves, neckties, jewelry and dolls that wink their eyes; it is not all fun, frolic and old friends remembered and revisited. It is also making lists and forgetting somebody; it is shopping in crowded stores; it may be cold, rainy, sloppy or snowy; it may cause some persons to lose their tempers—or, as seems a more logical way to look at the matter, find some new and worse tempers. No, Christmas isn't all one would like it to be—and for the simple

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reason that mankind is not all one would like it to be. Oneself is not all one would like oneself to be.

But at Christmastime we try to do better; we try to be patient with ourselves and each other. We think back over all the traditions and memories that go with this day and season. We fondly remember friends who were with us on other Christmas Days and are not with us now. There is a little sadness mixed with the merriment—but not too much, for they wouldn't want us to be sad.

We have in our hearts the picture of a perfect Christmas—perfect in weather, in companionship, in gifts given rather than received, in good news coming from everywhere. The real Christmas has its imperfections but the ideal remains with us. And here's wishing the perfect Christmas—it's no sin to wish—to all concerned!

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JOHN F. KELLEY

Signature of Business Manager

Sworn to and subscribed before me this 28th day of September, 1951

(Seal)

WILLIAM A. CREVELING

(My commission expires Nov. 14, 1953)



The State of the Nation



Felix Morley

TO BEGIN a new chapter in a volume of history is easy. One turns the page that tells of the ending of some hard fought war and the eye runs smoothly on through paragraphs summarizing the national readjustment to new problems. A 12-year-old can follow the simplified account, and many of them must.

To live through such a period, with any real understanding of the forces shaping contemporary life, is far more difficult. Winston Churchill is an extremely well informed man, who during the war had ready access to all available facts. The great British leader is also a trained historian, experienced in weighing the relative significance of events. Yet Churchill's "Memoirs" show many interpretations and decisions that in retrospect appear to have been misjudgments.

With ratification of the charter of the United Nations July 28, 1945, the American people generally assumed that this country was entering a new, and happier, era. President Truman was declaring that "the United Nations will remain united."

Skeptics were denounced as "isolationists" or worse. Most of the editorial writers looked brightly forward to an era of piping peace, with no shortages, decreasing taxes and pleasant associations with Stalin. The pages of recent history,

with all their disappointment and disillusion, were mercifully unturned.

Whether happily or otherwise, the individual perforce adjusts his own life to shifting circumstance. And that applies not merely to the little fellow, whose thinking is necessarily concentrated on defensively spreading his income to withstand the bombardment of rising costs. Adjustment under external pressure is also necessary for those who sit in the seats of the mighty. The same President who assured the country as to the solidarity of UN has now come around to saying that the word of Soviet Russia in that organization is not worth the paper on which it is pledged. If that statement is justified now, the earlier optimism was not.

• • •

The rapid and wholly bewildering reversals in our foreign policy during the past six years are not satisfactorily explained by saying that they have all been forced by Communist iniquity. As a matter of fact, the actions of the Kremlin under Stalin's direction have always been predictable.

Soviet Russia was expelled from the old League of Nations for its aggressive war against Finland in 1939. That alone should have warned us not to place unqualified trust in Russian cooperation with UN. Also in 1939, the Kremlin contracted an alliance with Hitler, to destroy Poland. Here was a clear warning that the Red regime has small interest in the freedom of small nations and, on

TRENDS



OF NATION'S BUSINESS

the contrary, will make them satellites wherever possible. Shortly thereafter the Communists brutally murdered some 15,000 Polish officer prisoners, at Katyn. The State Department learned of this, through German sources, but suppressed the news because Russia was then our ally.

The present Administration, especially its Department of State, has unquestionably piled blunder upon blunder in its direction

of foreign policy. And as its officials resign, they say this publicly. George F. Kennan, until recently director of the State Department's Policy Planning Staff, is caustic in his recent book on "American Diplomacy." We have, he writes, indulged ourselves "in the colossal conceit of thinking that you could suddenly make international life over into what you believed to be your own image." Such stupid arrogance, says Kennan, was bound to bring discomfiture of the sort we are experiencing today.

Similar criticism, but made more specific, is found in Carlton Hayes' even more recent study entitled "The United States and Spain." This eminent historian, who was our ambassador in Madrid from 1942 to 1945, relates the mistakes we have made there, concluding: "There cannot be a first-line defense for the United States without special understanding and cooperation between English-speaking and Spanish-speaking peoples." Yet the Administration has worked to exclude Spain from the United Nations and willingly watched Soviet Russia take privileged place.

The blame for foreign policy bungling, however, cannot in fairness be placed entirely on those who have the official responsibility for its conduct. In a democracy, in the long run, it is public opinion that determines what line foreign policy shall take. And when the mistakes were being made, our public opinion on the whole concurred.

We know now, as Kennan says, that to destroy Germany and Japan, the countries which were barriers containing Communist Russia, was to endanger ourselves. We also know that Communism would have taken over Spain, with our blessing, except for General Franco. But how many realized this when the issues were being decided? And of those who knew, how many had the courage to speak out? There was a time, and not so long ago, when to voice any suspicion of Stalin, or to suggest a calm appraisal of Franco, was to be called pro-Nazi.

If it be said that wisdom in retrospect is easy, let us remember that similar momentous issues are being decided today. Perhaps the most controversial is whether or not the United States should have formal diplomatic representation at the Vatican. It has led to such extreme statements as that of the prominent Protestant minister who announced that he is "as loath to accept the authority of Rome as that of Moscow."

The nomination of Gen. Mark W. Clark as the first American ambassador to Vatican City may reasonably be criticized on many grounds. The manner in which it was made—just as the Congress adjourned—was certainly inept, giving rise to reasonable suspicion that something was being "slipped over." Experience of the past ten years does all too much to justify such fear.

But any reaction that contains the element of religious bigotry, going so far as to compare the spiritual authority of the Pope with the physical dictatorship of the Kremlin, is altogether inadmissible. It is, moreover, playing the Communist game, as we have played it all too consistently in recent years. If Stalin can split Americans into quarreling Catholics, Protestants and Jews, the hand is his.

A people who are assuming world leadership, whether or not reluctantly, must grow up to the task. They must learn to form their opinions on foreigners slowly, and to express them with restraint. They must realize that there can only be bitter internal discord if citizens cast aspersions on each other's patriotism, integrity or religious faith. They must learn that the exigencies of world politics have always demanded a constant reshuffling of friends and enemies. As George Washington vainly warned in the Farewell Address:

"Excessive partiality for one foreign nation and excessive dislike of another, cause those whom they actuate to see danger on one side, and serve to veil and even second the acts of influence on the other."

This avoidance of "excessive partiality" became second nature with the British people long since, and very largely accounts for the generally pronounced success of a diplomacy which never had great material strength behind it. Britain, for instance, has long had accredited ministers stationed at the Vatican, and none has ever suggested that this practical procedure has strengthened the spiritual authority of Rome.

Now the British Empire has had its day and that country, regardless of the regime in power, can no longer sustain the imperial role. Many Americans assert that we must take over as they give up. It is a reasonable argument—provided that we can simultaneously show the maturity and intelligence that characterized British statecraft at its best.

—FELIX MORLEY



"MERRY CHRISTMAS, DADDY!"

AS you look into your youngster's eyes on Christmas morning, all the good things in life seem to merge in this one moment. Perhaps an inner voice whispers, "Peace on earth, good will toward men."

When the gifts are all opened and you sit back and relax, maybe you ask yourself, "What can I do to spread some of this good will among the other people in my life?"

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NATION'S BUSINESS for December, 1951

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Burroughs

Washington Scenes



Edward T. Folliard

off until "manana."

Just the same, Mr. Truman has managed to get some work done down there. He took along five of his speech-writers, and he has kept them busy drafting the messages that are to go to Congress next month.

These will deal with the State of the Union, the federal budget, and the economic situation.

Every man, woman and child in the United States—and millions abroad—will be affected by these documents. Mr. Truman will recommend continuation of foreign aid, still higher taxes, and a tightening of economic controls and the rearmament of the United States and her allies.

We have to go forward with the build-up, even in the unlikely event that Russia accepts the Big Three's arms-reduction proposal. It would take a year at least to set up the proposed U.N. machinery. Meanwhile, as Mr. Truman said on Nov. 7, "We cannot afford . . . to let down our guard or falter in our defense program."

Mr. Truman will recommend, also, enactment of many social and economic reforms that the arms program has pushed into the background.

This does not mean that the President expects Congress to act on all of his recommendations; not the Eighty-Second Congress, anyway. He realizes that the coalition of Republicans and southern Democrats will be just as effective in blocking action on social reforms this time as it has been in the past. Actually, he will be looking beyond this Congress toward the 1952 election.

Mr. Truman's message on the State of the Union will be a blueprint for the Democratic Party's platform.

It will call for a projection of that political movement, nearly 20 years old, which began as the New Deal and is now called the Fair Deal.

Twenty years! That means that a man would have to be in his forties to have voted in the election which saw the defeat of Herbert Hoover and

PRESIDENT TRUMAN'S winter retreat in Key West, Fla., is not a particularly good place to work. In daytime, there is the lure of warm sun and blue-green waters; at night, the enticements of a movie, a game, or lazy talk out under the palms. And always there is the temptation to put things

the advent of the New Deal. Assuming that he is that old, or older, he would have a reasonably good mental picture of what the New Deal was. This picture, probably, would be made up of images—Roosevelt's first inaugural, the return of beer and hard liquor, NRA, WPA, SEC and other alphabetical agencies, the Brain Trust, Al Smith and his ironic crack about not shooting Santa Claus, boondoggling, and such New Deal figures as Henry Wallace, Guy Tugwell, and Harold Ickes.

What about the Fair Deal? What kind of mental picture does that evoke?

The answer must be not a very clear one. Why this is so is not easily explained. Some political observers here offer this explanation—that the New Deal itself became a shadowy thing long before Roosevelt died. Their point is that the great reform wave began to subside along about 1938. Thereafter, following Pearl Harbor, FDR announced that "Dr. New Deal" was being put aside for "Dr. Win-the-War," and economic royalists began coming down from Wall Street to show the New Dealers the way to preparedness.

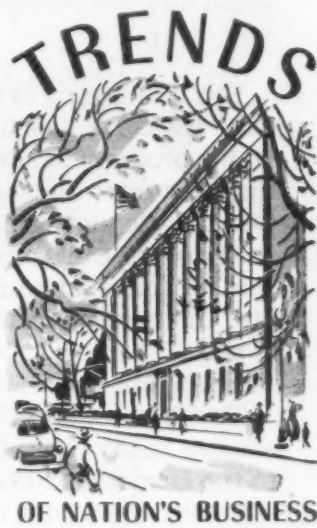
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President Truman revived the New Deal—or, at least, set out to achieve some of its unrealized goals—shortly after VJ-Day. He did it Sept. 6, 1945, with a message to Congress that put an end to the talk that he was a middle-of-the-road Democrat. The term Fair Deal was coined after his victory in 1948. He dropped it in his State of the Union message.

"I hope for cooperation from farmers, from labor, and from business," Mr. Truman said in that 1949 message. "Every segment of our population and every individual have a right to expect from our Government a fair deal."

This much the Fair Deal and the New Deal have in common, that both have been denounced as "socialistic," extravagant, inefficient, and blundering.

While one may rightly be regarded as an extension of the other, there are in fact some decided differences. These could be listed, but it would be simpler to point to the one big difference—that between Roosevelt and Truman themselves. The



TRENDS



OF NATION'S BUSINESS

man who holds the Presidency today is not nearly as clever as his predecessor. He is, however, much more direct in action and much more blunt in speech. He probably also has the edge in stubbornness, a trait of which FDR was exceedingly proud.

How this difference has affected American politics may best be judged by looking at the Democratic Party, which is badly split as it approaches the 1952 election. The cleaver has

been Mr. Truman's civil rights program.

Somehow Roosevelt was able to talk about civil rights without doing too much damage to his party in the South. Looking back on it, much of the criticism in those days was aimed, not at Roosevelt, but at his wife or at "those men around the President." Anyway, the South remained "solid."

The accession of Harry Truman to the Presidency in 1945 was no occasion for worry in the southland. His ancestors—some of them, at least—had been sympathetic to the Confederacy.

However, in February, 1948, Mr. Truman sent a civil rights program to Congress that had the effect of a bombshell.

On election day that year, Mr. Truman lost four of the southern states.

Political observers who have traveled through Dixie recently—men like Don Whitehead of the Associated Press—report that there is a strong "beat Truman" sentiment in that area. A number of Democratic leaders told Whitehead that they hoped Mr. Truman would step aside this time and tap Chief Justice Fred Vinson for the nomination. They said they could go along with Vinson, that he "could pull the South together."

In the eyes of such men, the Fair Deal must begin and end with President Truman.

• • •

But if anything is certain in politics, it is this: That the Chief Executive will again call for a civil rights program in his State of the Union message, and that later on this will be a plank in the 1952 Democratic platform.

Moreover, Chief Justice Vinson will go down the line for that plank and for just about everything else the Administration has been fighting for, if it should turn out that Mr. Truman retires and brings about the Kentuckian's nomination.

The State of the Union message also will foreshadow many other things that will be proposed in the Democratic platform.

Taken as a whole, the Fair Deal package in '52

will be one which Mr. Truman hopes will appeal to the "little fellow."

Prosperity will be stressed, naturally. The President has said, and he can be expected to say again, that the United States is stronger economically than it has ever been before and that "its people are more prosperous."

Where Mr. Truman will have his greatest difficulty will be in dealing with the scandals in his Administration since the 1948 election. This has caused a good deal of worry in White House circles. Indeed, it has been the biggest worry next to the overriding one of a great world war.

True, there are Democrats who say there is no reason to worry—that the American people will forget Pendergastism this time just as they forgot the skulduggery in the Harding Administration back in the 1920's. They argue that prosperity absorbs all criticism.

Sen. Estes Kefauver, Tennessee Democrat, does not agree with this view. There has been, he says, too much "turning aside . . . dragging of feet—saying things are right when they are not. Unless we do something about it, it may be the ruin of our party."

• • •

This is one time when Americans will have no reason to plead ignorance about the great issues confronting the country.

Sen. Robert A. Taft of Ohio, first avowed candidate for the Republican presidential nomination, is making one of the most strenuous campaigns in history, criss-crossing the land and raking the Fair Deal from stem to stern. It is an extraordinary performance, considering that the G.O.P. national convention still is eight months away.

Whether Taft gets the nomination or not, the country will be indebted to him for stirring up interest and arousing Americans this far in advance of the election.

The Ohioan is another blunt-spoken man, one who believes in hitting things head on—things such as the defeatism in his own party.

"A good many Republicans," he says, "have been discouraged by the fact that they have not elected a President for 20 years, and seem to feel that in some way there is a jinx that will prevent such an election. With that view I certainly cannot agree."

His reasons for not agreeing make up the message that he is taking to political audiences all over the country.

Win or lose, Taft promises to be the fightin'est candidate the United States has seen in a long, long time.

Mr. Truman will be out on the stump, too, either in the interest of his own or another's candidacy. It looks, therefore, as if '52 will be an exciting year, politically speaking.

—EDWARD T. FOLLIARD



CORPORATE ROUTE TO SOCIALISM

By MERRYLE STANLEY RUKEYSER

AMERICAN business is now learning to operate under a new governmental concept born of emergency rather than of ideology

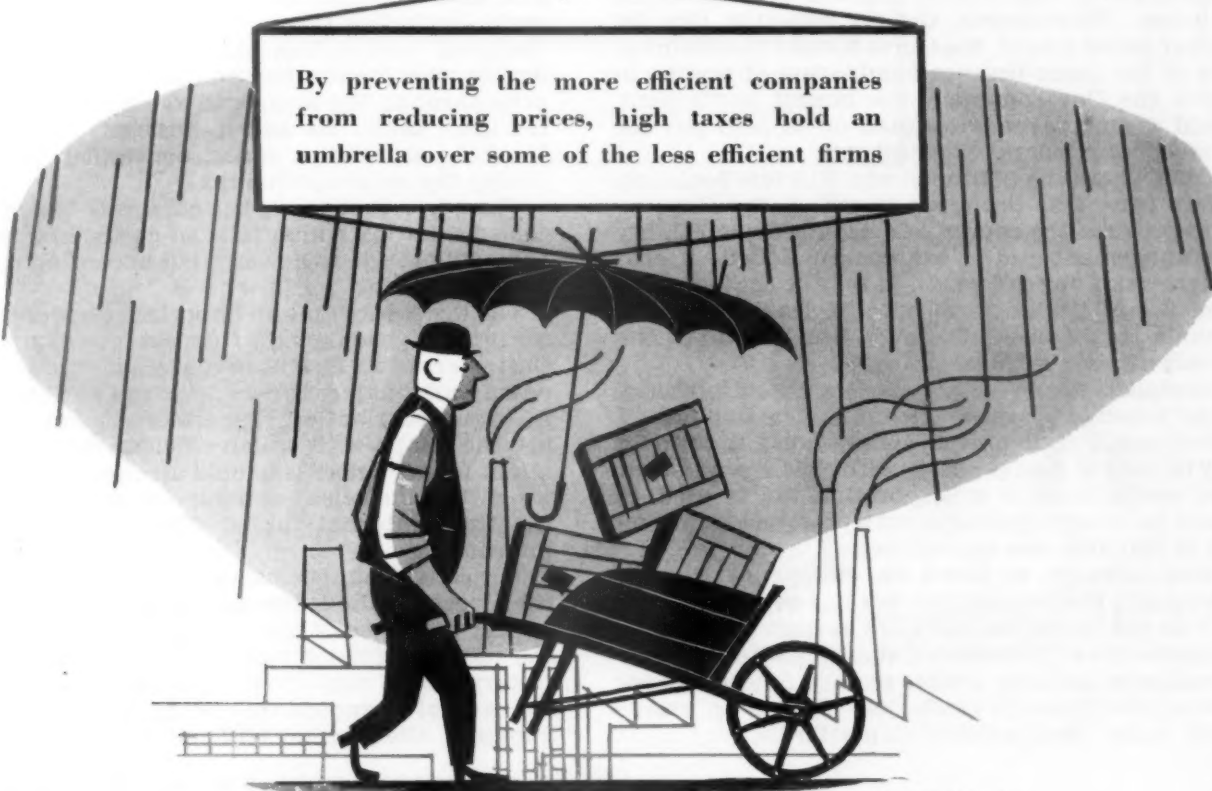
AN EXPERIENCE on a fishing trip in Puget Sound demonstrates how rising taxation is changing the national economy. A group of Seattle businessmen undertook to show me how to fish for salmon, but unexpectedly cool weather caused a switch to the indoor game of pauper poker.

In this variation, an unsuccessful player may not buy a new stack of chips after his first pile has been exhausted, but he may still participate in the game. He does so as a second-class citizen, or pauper

player. Thus, if he wins a pot in which he risked no chips, he must divide his winnings with the solvent player who held the next highest hand.

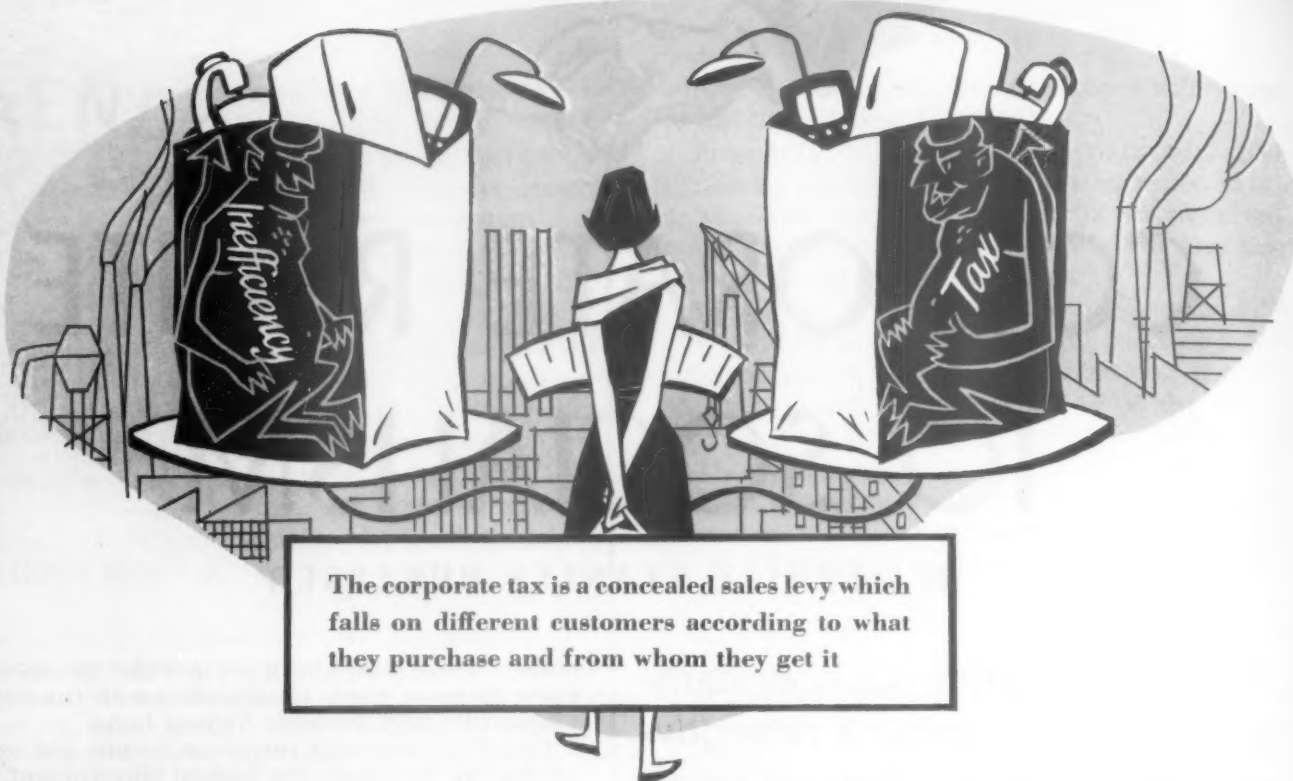
Under the new high corporate income and excess profits tax structure, the federal Government, like the pauper player in the poker game, has every incentive to whoop it up for more and more profitable business venturesomeness. Like the chipless player, the tax collector shares the pot but contributes nothing in the event of losses.

The resultant "limited incentive" system amounts to a salary cut for invested capital. The principle is illustrated by the earnings trend in U. S. Steel Corporation. The first six months of 1950 provided a yardstick reflecting conditions prevailing in a peacetime period of high-capacity operation. In that half year, federal taxes amounted to \$3.24 per common share; the stockholder received \$1.30 in dividends; and \$2.78 remained for reinvestment in the business. If the tax rates of the Revenue Act



By preventing the more efficient companies
from reducing prices, high taxes hold an
umbrella over some of the less efficient firms

PAUL HOFFMASTER



of 1951 had been in effect, the picture would have been as follows: Federal taxes would have been \$7.56 per share; and had the stockholders still received the same dividend of \$1.50, only \$1.44 would have been left in the business as undistributed earnings. This is just over half as much as was available for reinvestment in the first half of 1950. Thus, under the tax rates in effect in the first half of the year, despite an increase of 24.3 per cent in Steel Corporation sales, the total profit after taxes declined 25 per cent, while the tax "take" of the federal Government increased 134 per cent.

This economy in which the tax collector gets the lion's share of business profits may be described as "Riskless Socialism." The Government's position is riskless in the sense that it contributes no capital or tools and is subject to no assessment in the event of losses. Nevertheless, the tax collector, like the pauper poker player, does have a stake in continuation of the game because elimination of profits, in which the Government is the largest participant, would dry up revenue counted on to help pay for stratospheric federal expenditures.

From where the politician sits, Riskless Socialism differs from true Socialism in which the Government provides the capital and has the responsibility of management and of overcoming deficits if customers won't buy the goods. It may be that what we have is not Socialism at all. At least, it fits no formula that Norman Thomas, titular head of the Socialist Party, cares to sponsor.

"Socialists are by no means committed in theory to the taxation of corporate profits," he told me. "I have urged that, in normal times, such a tax should only be used to deal properly with excess profits and have added that, if a corporation tax is used, it should be so employed as to put a premium on incentive in valuable new enterprises.

"Now, however, we face a war emergency. Rightly or wrongly, the corporation tax has been accepted. . . . I do not think the rates are so high as to paralyze initiative or investment at a time when there is a peculiarly patriotic motive to keep America prosperous and to prevent inflation. This is an emergency, rather than a Socialist, matter."

From this we may conclude that what we have called Riskless Socialism is not Socialism at all and that, whatever it is, it was inspired by national need rather than ideology. Conceding this, the fact remains we have a new and unique economy—and we have to live with it.

Therefore, if we are wise, we will attempt to understand this economy, to calculate its advantages, if any, to warn ourselves of its pitfalls and, if possible, see what it is doing to us as citizens and as businessmen.

As citizens, we need to understand that we are not getting a free ride out of this new concept. It is sheer illusion to assume that the paying of taxes by corporations relieves individual citizens. Efficient business ordinarily regards corporate taxes as a cost and attempts to recover from customers all costs—including taxes. The president of a leading chemical corporation pointed out to me that, despite vast fluctuations in the tax rate, his enterprise through the years had averaged ten per cent net after taxes. He added, however, that it is not feasible, especially under controlled prices, to recoup the excess profits tax.

Thus, in a real sense, the corporate tax is a concealed sales tax which falls on customers, not only according to what they buy, but according to whom they buy it from.

The tax constitutes an important part of the selling price of goods bought from successful producers. Customers of inefficient or marginal producers may pay approximately the same prices but they make little tax contribution. The effect of taxes in retarding the tempo with which efficient manufacturers might reduce prices is to hold up an umbrella under which the inefficient can survive without correcting their internal faults. The result of this is inflationary.

The consumer also makes a negative kind of sacrifice because the Government is today the world's largest customer. Although, so far, the increase in the national output has managed to balance the Government's take from total production so that the actual standard of living is not seriously impaired, the civilian still has to do without the

much better living conditions that our expanded productivity would ordinarily have given him.

If the customer knows these things, he has so far accepted them willingly, partially, perhaps, because he believes whatever discomforts he suffers are better than the possible alternative, partially because our type of Riskless Socialism has one fundamental advantage over other types—the British for example.

The British brand of nationalization appears to be irreversible, as it mows down psychological and other factors needed for private investment. Our Riskless Socialism is viewed as a temporary phenomenon, subject to termination when, if and as, Stalin says "uncle."

This has, so far, prevented the impairment of incentives that usually accompanies Socialism. Generally, thoroughgoing executives are still working at top speed, although an objective observer might wonder whether momentum, habit or unawareness of the implications of the new setup is the motivating influence. Certainly for the time being, non-pecuniary rewards, such as desire to do an outstanding job, eagerness to render patriotic service, and competition with other executives for recognition, are helping keep corporate officials on their toes.

This will to succeed, despite repressive taxes and federal controls, is further nourished by escape routes which mitigate the harsh effects of increasing governmental participation in corporate activities. While Chief Justice Marshall long ago admonished that the power to tax involves the power to destroy, the present role of the federal Government is not entirely negative. As the biggest single buyer of corporate goods, the Government is also a pump primer, giving industry, especially heavy industry, the profit-building advantage of high-volume activity.

Against this background, alert managements are altering their thinking and their interests.

To prevent a catastrophic shrinking of net profit after taxes, the manager tends to strain for en-

larged gross sales, for lavish expenditures which promise deferred benefits and for the highest attainable quotations through reluctance to cut prices as enlarged volume and increased efficiency would otherwise justify.

Management is on its mettle to be inventive and resourceful. Beardsley Ruml, speaking for the Business Committee on Emergency Taxation, before the Senate Finance Committee, testified:

"It is impossible to impose a high marginal rate on a portion of earnings of a company without violent distortion of managerial judgment. What should be a disciplined effort to meet the public's need for products and services is transmuted into a skill in avoiding taxation and shrewdness—even carelessness—in the manipulation of business expense.

"The excess profits tax is . . . not a burden, but a subsidy. It provides cheap dollars to the profitable and established company. . . . If a company is not in excess profits, in other words, if it has only expensive dollars in its arsenal, it is a double disadvantage as against its entrenched rival with tax-created cheap dollars at its disposal.

"... If this is true, why then does even big business oppose the excess profits tax? The reason is that all business wants to avoid putting tax considerations before market considerations; because, when this happens, competitive enterprise based on efficiency and ingenuity in serving the public's demands will have been distorted by artificial and irrelevant factors which have nothing to do with skill in making and distributing the things and services that people want."

By cheap dollars Ruml means funds tagged as deductible business expenses before taxes and of which all but 30 per cent may represent tax savings.

Tax-stimulated corporate spending is reflected in liberality toward employee welfare plans; research and product exploration; increased maintenance charges; redoubled search (Continued on page 54)





Magicians in Glass

By DEENA and BLAKE CLARK

THE ancient Egyptians are credited with its discovery, but Corning has shown the world what it can do



The Paul Revere vase designed by Sidney Waugh and the glass dish being filled with molten metal while resting on an ice cake present a strange contrast to the lamp chimney which gave the company its start



While many products, such as cake dishes, are turned out by automatic machines, some are still hand blown

WE THINK of glass as hard and easily shattered, but artisans of the Corning Glass Works in upper New York State have developed glittering glass you can saw like wood, weave like silk or roll like ribbon. Some varieties are lighter than cork, some almost as heavy as cast iron. Others are as strong as steel or fragile as an eggshell, soft as cotton or hard enough to hammer nails into oak. Another type can be plunged lava-red hot into ice water without cracking, and there is a silicone compound which bounces better than rubber.

Before Corning, the world used glass chiefly to look at, look through or drink from. Introducing a new concept of the substance as an engineering material, these masters of the forge have used it to develop some 37,000 new products, and have created more uses for glass in 50 years than previous generations achieved in 3,000.

Glass is made from one of earth's most abundant materials—sand—which can be combined with most of the 95 elements (Corning has used 84) to create an almost limitless stream of useful articles.

Some 250 scientific experts are busy discovering new uses for glass, new kinds of glass and new ways of making it. Entire new industries have arisen to manufacture wares that were first brought to light in Corning's research laboratories.

Back in 1868 the people of the village of Corning offered \$50,000 to energetic Amory Houghton, a glassmaker, to come from Brooklyn and set up a glass works. Timbermen had denuded the surrounding hills, leaving their lumber center a ghost town, and the people wanted a permanent industry.

They got it. Their village is the heart of an organization that now has 15 plants scattered as far west as Oklahoma and employs 13,000 persons. In addition to affiliates and subsidiaries in the United States there are associated companies in five other countries.

Houghton went north with his workmen and their blowing rods and his secret formulas to Corning, where he set up shop. By day, the furnaces roared with molten glass. By night, Houghton slipped down to the factory alone to add the last few ingredients to each new batch, putting the mixture into the furnace himself, keeping his treasured recipes hidden from even his workmen.

At first, his men made lamp chimneys and "blanks"—plain bowls and goblets sold to other firms who made them into the ornate cut glass so popular in the gaslight era. Then one day in 1879 a man asked the factory to solve a problem. Could they make a glass "envelope" to hold the filament for a new invention of his, an electric light bulb? Corning accordingly "blew a bubble for a man named Edison."

One of the firm's sidelines was making signal beacons for railroads. Each line had its own system, no two used the same color standards, and Corning was making 32 different shades of green for as many railroads. In bad weather, engineers mistook some shades of danger-red for yellow, and thundered ahead into wrecks. Many reds had a yellow hue. Corning sought advice from physicists, set up laboratories and painstakingly tested until it achieved the best possible colors. As a result in 1907,

for the first time in 75 years of railroading, the monitors on all tracks were of uniform colors.

Rear-end collisions were another chief hazard at that time. Snow or rain hitting the hot glass of a brakeman's lighted lantern caused the glass to shatter, leaving the sentry helpless to signal an onrushing train. In 1908 Dr. Eugene Sullivan and W. C. Taylor, two young Corning researchers, produced a borosilicate glass which would not crack easily under sudden changes of temperature. They put it in switchmen's lamps, and the problem was solved.

Glass testing at Corning was a family affair in the company's early days. One evening a young scientist, Dr. J. T. Littleton, took home the bottom of a battery jar made of this borosilicate glass. "I'll find out just how heat-resistant it really is," said his energetic wife, and proceeded to bake a cake in it. It did not crack. She was delighted with her new transparent dish. She found that cheese, rice and vegetable combinations cooked more quickly in it than in most metal pans and were less apt to stick. So "Pyrex" was born, in a Corning kitchen.



RICHIE FROM BLACK STAR

Who would ever think this stuff was glass?

That discovery led to Corning's best-known project—the largest and most valuable piece of glass ever cast. When astronomers at the California Institute of Technology were planning the 200-inch telescope disk now at the Hale Observatory on Mount Palomar, their problem was not merely to achieve an immense reflecting surface to photograph the stars but also one that would not expand and contract even infinitesimally with changes in temperature. It was imperative that each picture of the stars could be accurately compared with every other. They found the answer in a Pyrex formula.

Corning technicians first practiced by making 30, 60 and 120-inch disks before attempting the giant one. Annealing the final disk took 300 days. It came out flat-surfaced, weighing 20 tons. Experts ground and polished it for seven years, wearing away five

tons of glass dust. The result is the world's most expensive camera; one that enables scientists to see galaxies of stars a billion light years away. This marvel might never have existed but for the brakeman's lantern and Mrs. Littleton's experimental cake.

In 1924, a young Austrian, E. H. Wellech arrived at Corning and showed sample cases containing examples of the miracles he could perform with glass. Most of them were new to the company's officials. They held their breath over a box that contained a long, thread-like filament and a yarn-like ball, both of glass.

The Austrian's glass was flexible, as fine as hair and he said it could be produced commercially. He was hired on the spot.

Wellech set to work with a melting pot no bigger than a Franklin stove. By letting molten glass stream through a tube ending in a narrow cone 1/16 of an inch in diameter and winding the hot thread on a drum, he drew it out to 1/1000ths of an inch. It was stronger than steel piano wire; a slender strand of it lifted a 1,000-pound block.

This fiber glass was not a commercial possibility because of the high cost of production, but Corning entered into an arrangement with the Owens-Illinois Glass Company, which had developed an economical mechanical process for mass production of the new material.

When made up into glass wool, Fiberglas is 99 per cent air and one per cent glass. California farmers pack fragile asparagus in it. It insulates traction motors of diesel locomotives, refrigerators, and oil and gas pipe lines. Since it cannot become soggy and will not rot or mildew, Uncle Sam uses it in life preservers. The Navy used landing barges made of it.

According to the *Wall Street Journal* \$3,000,000 worth was sold in its first year (it is now climbing toward \$100,000,000) and that success started a stampede into the business. It is estimated that by 1960 the sales of the fiber glass industry will reach \$250,000,000.

Corning's organic chemist, Dr. J. F. Hyde, was the first to develop commercial uses for silicones—synthetics whose base is sand. In 1931 Dr. Sullivan asked him to experiment in introducing silica, chief component of glass, into the plastics which were then sweeping the country. Hyde worked five years and had hardly anything to show for his labor. But he did develop a new type of electrical insulation which would withstand higher temperatures than any organic kind.

Hyde's work started a protean new industry. Corning got together with the Dow Chemical Company, which had an expert staff of organic chemists, and set up a jointly owned firm, the Dow-Corning Corporation, to make the silicones. Dr. S. L. Bass developed an insulating material for aircraft engine ignition harness that prevented arcing at high altitudes and greatly increased the number of hours a plane could remain in flight. In wartime it enabled Thunderbolts to fly across the Atlantic instead of waiting for slow and hazardous delivery by ship.

A few drops of liquid silicone grease not only subsides the dangerous foaming of oil in motors of planes and submarines but also quiets the bubbling colic which attacks livestock. One task in the bread baking industry used to be that of continually larding the huge pans. One thin silicone "buttering" takes the place of 100 to 200 tiresome butter coatings—and the loaves pop out with no sticking to the pans.

(Continued on page 66)

Our "Loyal" Saboteurs

By KEN JONES

FOREIGN agents who scheme to wreck U. S. industry are pikers compared to some Americans

MANUEL LOPEZ was in love. He was not the kind of man to let the urgent production of steel for the United States Navy interfere with his amours. When his duties at the Warman Steel Casting Company of Los Angeles, where he was scheduled to operate an electric steel furnace on the night shift, interfered with a prospective date with his lady love, Manuel banged the furnace vigorously with a sledge hammer. The inner brick lining collapsed.

This put the furnace out of business and Manuel was free for an evening of tender pursuits. The Federal Bureau of Investigation picked him up a few days later; a federal grand jury charged him with sabotage; the judge sentenced him to two years.

The FBI is charged with responsibility for investigating evidence of espionage, sabotage, and subversive activities. The physical protection of plants engaged in defense work is handled by the Munition's Board under the Office of the Secretary of Defense. The Board is responsible for a plant's formulation of policies, procedures and standards from a security standpoint and the FBI functions only when called on to conduct an investigation.

Although Manuel had the reputation of being a pretty volatile citizen—he was only 19—the FBI could find nothing in his record to indicate that he was disloyal. He was just a bad security risk.

Reliable and official estimates place the number of workers who will be drawn into strictly defense employment in the next 12 to 15 months at about 7,000,000. Many of these workers will, of necessity, become factors in the problem of defense production security. While investigation may establish the probable loyalty of any individual, there is good reason for regarding the security question as of equal importance with the loyalty question.

Basic values in the matter are these: An outright



CHARLES ADDAMS

disloyal citizen sooner or later may be expected to make contact with one or another of the professional mechanisms for sabotage and espionage known to be functioning in the United States. The FBI has well developed and reliable techniques for operating on this level.

The bad security risk presents a wholly different problem. No identifying stigmata permit his elimination in advance, yet the records show that thousands of technically "loyal" Americans have been convicted for virtually every act listed in the FBI's manual on what to guard against from professional foreign agents! More, the FBI record shows that when these 100 per cent "loyal" Americans really get rolling, they turn in a score which reads like the commencement program at a lunatic asylum.

"Foreign agents may be expected to damage machines or equipment by breakage, manipulation, abra-

sives, chemicals, or foreign bodies," says the FBI.

The Crown Cork and Seal Company of Baltimore held millions of dollars worth of contracts for production of antiaircraft gun parts. In the circumstances, therefore, everybody was properly impressed when young Basil Selkirk, a member of the company's fire prevention squad, found a number of fire extinguisher hoses plugged.

"This is serious!" the management concluded. When Basil found a couple of fire hoses cut the next day, they congratulated him on his alertness, loyalty and devotion. Whereupon Mr. Selkirk turned into a veritable ball of fire. He found 15 plugged extinguishers, several more fire hoses cut, and additional extinguishers emptied of fire-fighting chemicals. As time went on he even came close to clairvoyance, stating that a certain nozzle was plugged or a hose cut before

he'd even had time to examine it. Meanwhile the FBI made a quiet check of all Crown Cork and Seal employes, and found no reason for suspicion. Next they turned their attention to the hero of the moment, Mr. Selkirk. Under questioning he confessed. The judge gave him 15 months. Selkirk wasn't disloyal; he was just a would-be hero, but the FBI report noted that the defense effort "might have suffered the complete loss of this valuable industry had a fire occurred before Selkirk's acts became known."

Silica is an important substance in armaments manufacture, and the Ozark Mineral Company of Elco, Ill., was an important producer of silica. It was, that is, until three employes—Orval Rowe, George Hawkins, and Peter Jackson—decided that the production of silica was interfering with their rest. To remedy this situation they started feeding old bolts, bottles and rocks into the conveyor belt elevator mechanism which feeds the processing machinery. The conveyor mechanism broke down.

Rowe, Hawkins and Jackson were getting a good bit of rest—with pay—by the time the FBI got to the root of the matter. Said the judge, in pronouncing sentence: "If I thought you deliberately intended to injure the United States, I would give you life, if possible. But because I feel that you did these acts through laziness, I sentence you only to a year and a day."

"Foreign agents may be expected to damage vital machinery, equipment, or buildings by time bombs, gas explosions, incendiary bombs and devices, or the use of other explosives," warns the FBI on sabotage.

Early one summer morning an explosion startled prompt risers in Longview, Wash. The roof of the converter plant of the Pacific Paperboard Company—principal industry in the area—rose into the air, then dropped back amid a spectacle of sparks, flame and smoke. Hours later, when the fire had been brought under control, the damage was estimated at \$200,000 and an important link in the Pacific Northwest's chain of defense production had been knocked out for a considerable time.

Spies? Saboteurs? No. Bees.

Under questioning, Roland Vincent Green, a company employe, and Vladimir Stotsworth, previously employed there as a foreman, confessed that they had a weakness for honey. They told this story:

As Green and Stotsworth sat



Manuel got two years in jail for ruining the lining in a steel furnace with a sledge hammer so he could keep a prospective date with his girl



Three employees gummed up a conveyor mechanism because it interfered with their rest

around doing a little social drinking, the talk turned on the question of when they were going to harvest some of the honey which both were sure bees had stored in one of the walls of the converter plant.

"Why not this evening?" asked one.

An hour later they were removing some of the plywood panels on the plant wall.

The bees refused to cooperate. As a matter of fact, they turned on the intruders. This made Green and Stotsworth so mad that they forgot all about the honey and, instead, declared war on the bees.

They jumped into their car and drove to Green's home, where they armed themselves with a plumber's blowtorch and returned to the plant. By 1:30 in the morning they could claim a victory, although they had lost any sharp appetite for honey.

The men had hardly reached home again before the plant exploded. Expert reconstruction after the event indicated some charred

fragment from the battle had set off explosive dust in the plant. In due course Green and Stotsworth were sentenced to 15 years each in the state reformatory. Sentences were suspended, however, when the judge read the concluding paragraph of the FBI report:

"A complete investigation has failed to develop any indication that either Green or Stotsworth would desire to cause damage to the factory or would commit sabotage against the United States Government. Neither has a criminal record."

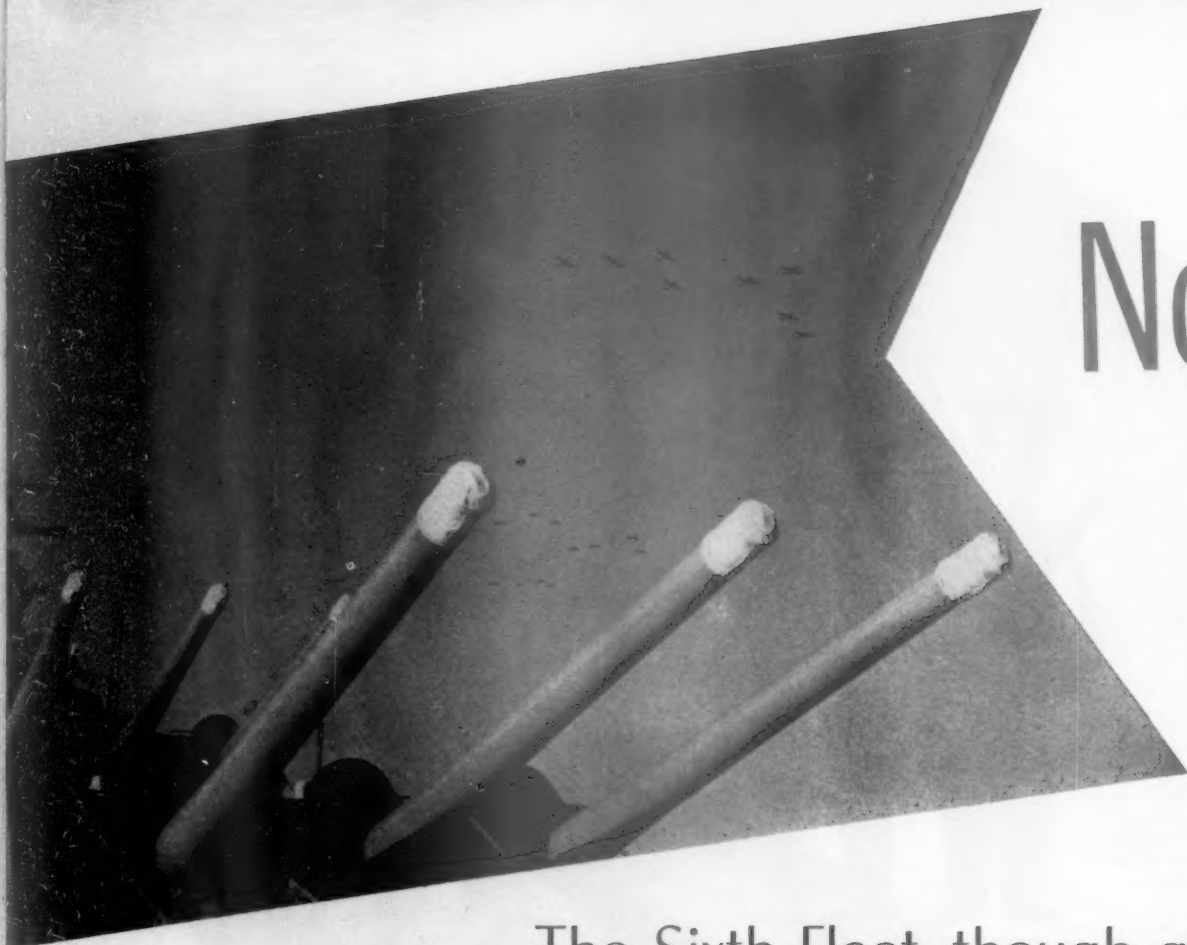
Although technically loyal citizens, Messrs. Green and Stotsworth hung up a security risk record which is still a classic.

The night shift was humming along smoothly at a large defense production plant at Kearney, N. J., one mild September evening when, at precisely 10:50 a most impious uproar broke loose in the plant yard. There were calls for the guards; hysterical shrieks that the establishment was about to blow

up; demands that workers be evacuated. Then, as guards herded frightened workers back out of danger, Patrick Joseph Murphy, a middle-aged employee, burst into the open carrying a lunch pail. Under the fascinated gaze of a couple of the braver guards who observed him from a distance—he pulled loose a couple of protruding wires. Then, placing the sinister object on the ground, he dashed back into the building, emerged a moment later with a fire extinguisher, and saturated the pail. His duty thus accomplished, he stepped back modestly and let the guards examine the bomb which he had found and deactivated.

It was a sure enough bomb—three sticks of dynamite with live detonators, wires, dry cell batteries, and an alarm clock mechanism set to explode the business at 11:00—a scant few minutes after Murphy's feat of derring do. A subsequent report from the FBI laboratory verified that the dynamite was

(Continued on page 56)



Not as

The Sixth Fleet, though groomed for battle, makes friends wherever it goes



EDWARD BELCHER

The author, right, sampled Riviera hospitality with the tars

THE PLUMP, mustachioed visiting admiral of the French Navy looked out from the flag deck of the USS *Coral Sea*. Below him, on the carrier's flight deck, blue-shirted plane handlers were wheeling roaring jets to the catapult hooks and then, at their pilots' signals, snapping them into the sky above the azure sea.

As the last jet roared off and was airborne, the admiral mopped his brow and sighed happily. "Magnificent," he said. "One thinks how it was before. You came to us four years after the start of World War I. You came two years after World War II. But now it's another story. You are already here!"

On the *Coral Sea* and her sister ships of the United States Sixth Fleet rides Europe's hope for peace, if possible, and immediate support in event of war. On the continent, General Eisenhower's build-up of a potent fighting team is still a promissory note, but here in the Mediterranean, the Navy is a palpable fact, a bastion of our defense, an unmistakable power generator to the nations of western Europe.

The fact is not lost on Soviet

the Conqueror Comes

By MILTON LEHMAN

Russia or her cominformed rowdies along the French Riviera, where the fleet often makes anchorage. At night, before the fleet steams in from maneuvers, the rowdies furtively paint signs along the seawalls saying: "U. S. Navy Go Home." Next morning, when the first liberty parties come ashore, the signs are already being painted out.

The Sixth Fleet, however, has no plans for going home. When its attached cruisers, carriers, destroyers and transports sail for stateside duty and drydock repairs, they are first relieved by ships of similar type and equal strength. Last October, the fleet's sharply trained crews finished their four months' tour and met their replacements from home, promptly engaging them in a massive mock battle.

After this noisy greeting, the replacement ships passed under control of COMSIXTHFLEET, who moved his staff and footlockers to a fresh flagship and ordered maneuvers to continue.

COMSIXTHFLEET is Vice Adm. Matthias B. Gardner, a tall, tough, reticent sailor, former Navy test pilot and wartime commander of the USS *Enterprise*. Responsible for maintaining a battle-ready navy in the Mediterranean, Gardner takes his orders from Adm. Robert B. Carney, commander-in-chief of U. S. Naval Forces in the Eastern Atlantic and Mediterranean, who in turn takes his orders from General Eisenhower. As boss of the Sixth Fleet, Admiral Gardner has a threefold mission: to support our occupation forces in Germany; to familiarize sailors with the area and tune them to combat readiness; to see, be seen and make friends along the Mediterranean basin. To do this, he



U. S. NAVY PHOTOS

Istanbul's governor was received aboard ship by Admiral Gardner

The *Newport News* played Santa to kids from Naples



commands the greatest peacetime naval force the Mediterranean has ever seen.

A powerful armada today, the Sixth Fleet is the more spectacular considering the recent low ebb of the Navy's fortunes. Five years ago, the Navy was almost scuttled in the fervor to demobilize; three years ago, the admirals were fighting to save the aircraft carrier as their main striking force. The admirals were then paying for the Navy's long-time failure to take the public into its councils, for its policy of exclusiveness. But now the Navy is our readiest defense in Europe and the aircraft carrier is its spearhead.

In the Sixth Fleet's present camping grounds, there is no need to sell navies. Unlike the United States, where seapower has often seemed remote, the lands of the Mediterranean know the sea and respect it. Their world power rose and fell in precise ratio to their seapower. Now the United States controls the inland sea and the lesson is not lost on the grandsons of imperial France, Italy, Spain, Greece and Turkey.

Each harbor the fleet visits on its rounds remembers ancient naval glory: Tripoli, base of the Barbary pirates; Villefranche, where Napoleon's fleet once anchored; Genoa, home port of Columbus; Salamis Bay, near Athens, where the Greeks and Persians fought the first great naval battle in 480 B.C.; Augusta Bay, Sicily, where a monument in

the Italian navy yard is proudly inscribed: "Mare Nostrum"—"Our Sea."

In this heartland of western civilization, the Sixth Fleet is something new under the sun. It has come to sustain other nations against conquest, rather than conquer them. It seeks through joint maneuvers to help restore the navies of its allies. While the fleet's power is self-evident, it presently commands no land base, supplying itself from home and negotiating permission whenever it seeks temporary harbor.

Its admirals, too, are something new—diplomats and geopoliticians, who know that a gaucherie ashore is even more damaging than a foul-up at sea.

As Admiral of the Fleet, Gardner is responsible for bringing his ships and crews to peak training efficiency during their four months' tour. To do this, he stages endless maneuvers, knowing that the fleet might suffer the first blow if war should come, but determined to keep it ready to strike back. He is also called on to represent the United States militarily and diplomatically at the fleet's ports of call. Ashore, he visits governors, mayors, prefects and military leaders and then holds open house aboard ship to repay their courtesies. His guest book is filled with the names of sheiks and potentates, as well as State Department and ECA officials who come aboard to brief his staff on local problems and the mood of the people.

Since the fleet was activated in 1948, its vessels have called at 90 Mediterranean ports from Casablanca to Beirut.

While only one third of the crew is granted liberty at any one time, tens of thousands of sailors have seen much of Europe, many of them traveling inland to Rome, Florence, Paris or Geneva on the fleet's economy-planned junkets.

Briefed to the hilt on their role as junior ambassadors, the sailors turn in a surprisingly good performance ashore. Navy court-martial seldom are obliged to throw the book at anyone. In the ship's brig on the *Coral Sea*, only two cells were occupied when I was aboard—and these by men who slightly overstayed their leaves. The fleet's legal brains are far more occupied in preventing single sailors from ending up suddenly and injudiciously married. Comdr. Charles DiPirro of Somerville, Mass., who serves as the fleet's lawyer, uses red tape and judgment to temper the marriage applicants. The promised bride must certify her intentions in writing and the would-be groom must submit affidavits in triplicate. Both must request interviews and medical examinations during the cooling-off period—which usually cools off the most impetuous.

The sailor's good work ashore is performed in the old pattern of the anonymous benefactor. There are few publicity releases at Christmas and Thanksgiving when the ships, wherever they dock, hold open house aboard for orphans and underprivileged children and hand out turkey dinners and make like Santa Claus. Last Christmas, Admiral Gardner's flagship was the *Newport News* in the bay of Naples. Gardner's sailors delighted in feeding the kids from the Naples back alleys and showing them around the sleek cruiser.

The sailors seldom are followed by public relations officers, but word of their good deeds gets around. In Villefranche, on the French Riviera, a child playing at the dockside fell in the water. Two sailors from the USS *Salem* promptly jumped in and brought her ashore. In Nice, a paunchy businessman on vacation got caught in the surf while swimming. A sailor rescued him.

The ports now welcome the fleet. The Riviera, hardened for tourists, has considerable interest in the sailor's spending ability, particularly in off-season—the fleet disburses through its men an average of \$1,000,000 a month throughout

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The Brownson's jazzmen won the *Coral Sea's* "Well Done"

MARION L. HOLLAND





No Migrant Problem Here

By ANDRÉ FONTAINE

HOOPESTON, ILL., is a pleasant little city that sits in an oasis of trees amidst the flat, rich, black fields of America's corn belt, about 100 miles south of Chicago and seven or eight from the Indiana line. The impression you get is that it's clean and healthy, with white-painted lamp posts along its broad Main Street and cars angle-parked in the business district. North and south of Main Street the brick-paved residential streets are cool under huge elms. Clipped lawns stretch back to neat white houses. Yet five years ago Hoopeston was a sick town.

It was sick with a social ailment that festers today in thousands of similar towns which make their living from food production and temporarily harbor at harvest time America's 2,500,000 migrant farm workers. In most of these towns

ITINERANT workers may be a headache to some places—but not Hoopeston, Ill.

migrants are jammed into outlying areas that can be smelled a quarter of a mile away. Since the towns stretch from Maine to California, the collective odor was so strong that President Truman ordered a commission to study the problem and make recommendations for federal action.

Five years ago Hoopeston had such areas; in one camp migrants lived in tents pitched in churned-up muck. Sanitation and cleanliness were virtually impossible. Children were undernourished and, since they weren't allowed in the public schools, uneducated.

The migrants were considered third-class citizens. They were segregated in the balcony of the local movie, were not allowed in the parks or swimming pools and in the stores many of the merchants wouldn't wait on them. One woman summed up the town's attitude when she saw a group of them on the street and squealed to a friend, "Ooh, those Mexicans! I'm going to keep my doors locked."

Today, Hoopeston has cured its social sore. Edith Lowry, executive secretary of the division of home missions of the National Council of Churches, who knows as much



Mike Fish realized the need for migrant help was great



Mrs. Jones wants to see our democratic principles work

The doctors, headed by Dr. Fleisser, gave physicals



Eliminating segregation is Leland Bergstrom's mission

The job of getting business support fell to R. L. Cragg



about migrants as anyone in America, says that Hoopeston has done the best job of any town in the country.

"It no longer has a migrant problem," she said, "because it grasped its migrant opportunity."

The change started three years ago with a meeting in the Chamber of Commerce rooms called by Helen Meserve, a dark-haired, brilliant girl of 25 who had been sent into the migrant camps by the home missions division. She invited representatives from each of the town's social and professional groups—two ministers, two doctors, two each from the senior and junior women's clubs, two from the Chamber of Commerce and one from each of the two canning companies.

One basic fact became clear: without the migrants Hoopeston could not survive. The town makes its living from the canning companies, their huge farms and affiliated industries. Mike Fish, personnel director of the Hoopeston plant of Stokely Foods Company, best described it when he said:

"Most people think of these migrants as a temporary necessity. But they're not—they're going to be with us from now on. Why? Because you can't get local labor to go out into the corn and asparagus fields and bring in the crops. Every year before we recruit any migrants down in the Rio Grande Valley, we run ads in the paper asking for local workers. We get maybe four or five applicants. We need 400 or 500."

Since the migrants were doing so much for Hoopeston, it was agreed, it was up to the town to give them the best it had—equal citizenship. Thus the Hoopeston Migrant Council—with representatives from the churches, medicine, business, the canneries and the women's organizations—came into existence.

The basic trouble was that the Hoopeston people and the migrants were so different. The migrants were American citizens recently come from Mexico. Few spoke English. In winter they lived primitively in the Rio Grande Valley—sometimes two or three families in a single-room shack. They knew virtually nothing about modern sanitation, medicine, or about the proper feeding of children. For them it was a constant, desperate struggle to keep families housed, clothed and fed.

Hoopeston, on the other hand, is a little inland city, "populated," said Mrs. Clayton Jones of the Council of Church Women, "mostly

by children of people who've always lived in this particular spot. They are not used to seeing dark-skinned people and to hearing a foreign language spoken on their streets." It's not a wealthy town, but it is well-to-do, and its 7,000 citizens are a comfortable, hard-working, church-going people.

What the council had to do was to cut down the differences between the two. They had to teach the migrants American ways of hygiene, sanitation and health, improve their English and ideas of democracy. In turn the townsfolk had to be taught to look beyond the darker skins, the difference in language, the alien ways.

"The first thing we had to do with the migrants," said R. L. Cragg, a quiet, slight, businessman who was then secretary of the Chamber of Commerce, "was to clean 'em up so when they came to town the people wouldn't be prejudiced against them just because their clothes were dirty."

The doctors, headed by Werner Fleisser, a young man educated in Germany, gave physical exams. Nurses, aided by Mrs. Lewis Hott, an ex-Army nurse, and other Hoopeston mothers, gave the kids baths and organized classes in baby care for the mothers. After awhile migrant babies began getting milk instead of coffee in their nursing bottles.

Other women gave courses in nutrition, English and hygiene. Migrant mothers learned quickly. "All you had to do," said Mrs. Jones, "was to show them a better way, say, to wash clothes than over a board and they'd grab it. They were eager to learn; the trouble was they just didn't know our ways of doing things."

"In the past two years," added Dr. Fleisser, "there hasn't been a single baby born in camp—all the women go to the hospital, and they used to have babies without even a midwife. Apparently they like it, too, because you never have a woman leave here pregnant so she'll have her baby in Texas."

The children learned quickly, too, and before very long, said Cragg, "you began to see boys carrying combs in their pockets. Just before they got into town they'd take 'em out and give their hair a good combing."

When council members recruited volunteers they had an ulterior motive: They wanted to get as many townspeople as possible into contact with the migrants—figuring that if the local people got to know the migrants they would like

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The migrants soon learned to clean up before going into town

PHOTOS BY LIEBERMAN FROM BLACK STAR



The church plays an important part in the Hoopeston program



Success

By BRADFORD SMITH



"YOU SURE you won't come in?" John Goodrow stood on the walk in front of his ancient factory, stooping a little to look into the car he had just left. It was a new car—long, wide and low. The men who sat in it were sharp of eye, freshly barbered, and wore double-breasted suits. Neither the men nor the car belonged in Abbottstown where the stores, houses, and school—all had the tired look of having been used too long.

"No thanks," Haller said. "We saw all we needed before lunch."

Gray at the temples, with enough weight to lend impressive bulk to his double-breasted coat, Haller looked like a man who would have four children, a ten-room house and two cars.

"Well, then," Goodrow said, "I hope to be hearing from you gentlemen." He was glad they did not know how much depended on that hope.

"Thanks for the lunch," Haller said. "We'll let you know."

The car started slowly forward. Hendricks, thin and sallow, nodded his head. Peters, his large bulk sprawled across the back seat, waved a pudgy hand.

Goodrow straightened up with a conscious effort;



"I've made my bid," John said. Hard compressed his mouth again, turned and strutted from the office

but even when he remembered to stand straight there was a sag to his well worn suitcoat which said that neither he nor it were as young as they had been.

I suppose Fay Hard will underbid me, he thought, and that will be the end of it.

He knew that they were on their way to Hard's now. Fayton Hard had the capital and the plant. He underpaid his men and turned out a cheap product, but customers didn't seem to mind nowadays. *Maybe I'm old-fashioned, Goodrow told himself. Maybe that's why I'm not a success. With Margaret getting married and Fred going to college, I've got to do something. Darned if I want to do business like Fay Hard, though.*

With his hand on the knob, he looked up at the sign, JOHN GOODROW CO., over the door. He remembered when that sign had gone up—the day Arthur, his first child, was born. Arthur was a man now, a successful mining engineer down in South America.

The sign and the thought of Arthur brought back to his mind the conversation at lunch. Somehow they had got to talking about success. Hendricks,

the lean and sallow one, had held that it was having enough to make your friends envious—two cars when your neighbor had one, an expensive trip every year and more clothes for your wife than she needed.

Peters, the fat one, had said that success meant having enough to satisfy all your wants and those of your family. Goodrow mentally had eliminated himself on both counts. But Haller had said something that had made a real impression on him:

"I would say that man is a success whose children are glad they had him for a father."

The phone was ringing when he opened the door. He picked up the receiver. No one answered. He jiggled the receiver hook.

"That you, Sarah?" he said, when the operator came on. "Any idea who was calling me?"

"Someone over at Hard's. Amy was trying to get you, too. She wanted to tell you her mother was poorly again and she wouldn't be able to come back this afternoon."

Amy, his office girl, had missed a lot of time lately. Some folks said she was taking advantage of him; that he ought to take it out of her pay. But he

couldn't bring himself to treat people that way. "You want me to ring them back?" Sarah was saying.

"If you don't mind."

Then Hard began talking—in that low voice with its slightly nasal twang.

"Something I want to see you about," he said.

"Can you come over right away?"

"Don't see how I can get away now, Fay." He hated to say it to his competitor, but it was a fact.

He took the moment of silence as it was intended—as a comment on the way he ran his business.

"Well then, I'll come over there. I want to talk to you alone anyhow. Be right over."

Three minutes later Fay Hard strutted into Goodrow's office. He was a small man, neatly dressed in a pin stripe suit. His narrow melon-shaped head bulged out over his eyes and the skin of his face looked as if it had been through a tanning vat. In his forties, he looked older than John, who was 56. Yet he was a success by most standards.

Director in the bank, owner of the biggest house and the newest car in town, he gave conspicuously to the church and took his wife to Florida every winter. John had never taken Mary to Florida.

"The men from Haller's are over at my place now, going through the shop," he announced. "Look here, John, all we have to do is come to an agreement and we can make some real money on that job. They're in a hurry to get their stuff on the market. If we ask a little more, they'll just pass it on—it doesn't matter to them. Not with conditions the way they are today. I don't care whether you do

the work or I do it, but let's get together. It's ridiculous, the two of us competing the way we do."

"What did you have in mind?" Goodrow said. His knuckles whitened on the arms of his swivel chair.

"Put about ten cents onto the unit cost of what we'd usually bid, and whoever takes the contract will split the surplus with the other."

"I've made my bid."

"Tell them you made a mistake in your calculations."

"I've never gone back on a bid in 30 years. Anyhow, sounds like restraint of trade to me. There's a law against that."

"We're not controlling the whole woodworking industry. The law doesn't apply at all."

"I don't care whether the law applies or not, it's the spirit of the thing that matters. I guess I'm too old to change my way of doing business."

Hard knocked a fleck of dust off his sleeve with the back of his hand.

"Look, John. As a director in the bank, I can't help knowing what your condition is. Yet you're keeping me from the kind of profits I ought to be making. How much will you take for your business—the whole thing?"

Goodrow tightened his lips. "I won't sell."

"Then how about a partnership? You won't have to do a lick of work unless you want to. Take it easy for a change. Go off to Florida in the winter. Get a new car. Fix up that house of yours. You've earned a rest."

Here was the success he'd been chasing all his life—offered to him on a silver platter.

But then Hard made a mistake. "We'd operate under your name," he said. "It'd be just the same as if you were still in business."

His name, and Hard's product! "No," Goodrow said, "it wouldn't be the same." His knuckles grew whiter against the chair arms, but he kept his voice level. "Everyone has his own way of doing business, I guess. I doubt if anyone could do it under my name so's to suit me."

"You've got a boy to put through college. And Margaret's marriage must be costing you plenty. It's time you slacked off some. I could give you a yearly guarantee of \$6,000. It would probably be more, but—"

Goodrow pulled a thread out of the fraying cuff of his coat. In Abbottstown \$6,000 was wealth. "I guess I'm old-fashioned," he said.

Hard's jaw muscles swelled up like goose eggs. "What's the sense in ending up a failure when I'm guaranteeing you success? You'd better talk it over with your wife. Call me this evening."

"Don't know's it'll make any difference. But I'll call if you want."

"Meanwhile we've got to do something about this contract," Hard replied.

"I've made my bid," John said, and swung around in his chair.

Hard compressed his mouth again. "It may be your last," he said. Then he turned and strutted stiffly out of the office.

Goodrow began to look over the mail his secretary had left on his desk.

The door opened and his daughter, Margaret, was standing there, the habitual laughter wrinkles at her mouth. Next week she would be Mrs. Hank Carter. He felt at once the joy that was in her but somehow it became something more like sadness within him.

"Hello, Daddy," she said. "Are you broke or can you spare me \$20? I

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She laid the check on her father's desk and he thought he saw her fingers tremble over it



Start Selling —or Else!

By AL N. SEARES

*Vice President,
Remington Rand Inc.*

SALESMEN who can move goods are the big people in the face of an expanding economy

AMERICAN industry today is much like the ball player who judges every bounce correctly but the last one. Manufacturers are performing prodigies of production, having tripled the value of goods and services in the last decade. Huge sums are spent for time-motion studies to realize maximum efficiency from labor, machines and materials. We do a tremendous job turning out the 5,000,000 different items needed by the nation's economy; but many corporations neglect the final, decisive step of the elaborate process—getting their merchandise into the hands of the end consumer. Retailers, especially, are remiss in moving inventories the last three, crucial feet—across the counter.

If sales and distribution programs were as efficient as our methods of production, this article would not be needed. It is a sad

and incontrovertible fact, however, that the art of salesmanship has not kept pace with America's enormous industrial capacity. I call salesmanship an art advisedly, because it conforms to the classic meaning of the word.

Salesmanship is a universally practiced art. All of us try constantly to sell ourselves, as spouses, parents, friends, employes (or employers) and citizens. "Put your best foot forward" was an old adage when the barter system was new. We make character for ourselves by dealing honorably with people through intelligent appeals to the emotions. This is the identical formula for establishing a reliable reputation in business.

Further, every sincere American is engaged today, actively or indirectly, in another aspect of selling. He has a measure of responsibility for demonstrating to the rest of the world that the free market



Classroom instruction often can be worthless without some practical experience

economy confers more freedom, social benefits and prosperity on the individual than Communism. I firmly believe the professional salesman is the key figure in the continuing stability of our national economy, the crux of the world-wide struggle.

We are in an expanding economy. The population has increased 16.5 per cent since 1940, but in that same period the value of our gross national product has mushroomed from \$101,400,000,000 to \$313,900,000,000. Since 1940, some \$53,500,000,000 has been spent for new plants and equipment, mostly for the military effort, it is true, but after the defense program has passed the peak, the consumer goods those plants can produce must be sold if idle capital investments are not to impose an intolerable burden on our financial structure.

With the proper stimulus, they can be absorbed. Despite skyrocketing taxes and rising costs, the nation's disposable income—or purchasing power—has shown an average annual increase of 10.4 per cent in the past decade.

The greater part of the public's purchasing power still is spent on impulse buying, or going out into the open market for certain basic wants. The housewife who needs a loaf of bread or two pounds of meat for the family dinner, the man who needs a new shirt or tie will buy it in one store or another. You may make the sale by running a more attractive, efficient establishment than your competitor down the street, but the point is that the money will be spent somewhere.

An appreciable share of the nation's purchasing power is waiting to be tapped, however, by creative salesmanship that stimulates a need for some article or service

that is not an established element of living standards. This is the most challenging area of selling and the one in which more effort and enterprise are most needed.

How much business can be created by intelligent, resourceful salesmanship? I'd hate to be held to a specific figure. Making an educated guess, I'd say about one third of all sales are created by manufacturers' representatives whose products meet a customer's half-conscious desire for a refinement that will contribute to home comfort or business efficiency.

The air-conditioning industry is a prime example of creative selling. With most of the United States lying within the temperate zone, it can be argued that air-conditioning equipment is not absolutely indispensable. Sure, the summer can be oppressive and uncomfortable, but we can live through it. But a new development comes along that makes life more pleasant and demonstrably pays good dividends in increased productivity during the dog days. So technical ingenuity promoted by smart salesmanship combine to create a new, worth-while commodity.

The automotive industry originally was founded on creative salesmanship that broadened horizons far beyond the range of the 181,000 cars that were manufactured in 1910. Automobile salesmen of that era had a terrific job convincing a skeptical market that the new-fangled gas buggies were safe and practical. They did the job so spectacularly that more than 5,000,000 cars now are produced annually and virtually every owner regards his car as a necessity rather than a luxury.

Take my own field, office machines and services. Business would flourish, after a fashion, and

things would get done eventually if executives had to depend on stenographers, bookkeepers and filing clerks. The invention of recording devices, tabulating machines and ingenious automatic administration record control systems have paid for themselves many times over in added efficiency and man-hour output. That's an accepted fact now, but when the gadgets first were introduced, revolutionary business practices were put across by salesmen who were as creative, in their own way, as the inventors of the machines.

The electrical appliance industry literally was created by salesmen whose promises of better and easier living were fully as important as the products that performed the promises. Another fine example of creative selling is automobile radios. A radio is strictly an added plus for which a demand had to be created. Salesmen fulfilled that function so well that there are 18,000,000 radios in cars today compared to 34,000 only 20 years ago.

Few people were storming stores demanding television sets four short years ago. That desire was stimulated by salesmanship which can take a valid bow for increasing the number of sets from 210,000 in 1947 to 8,000,000 in 1951.

In the final analysis, salesmanship is essentially an educational process. A manufacturer wouldn't need advertising, direct-mail campaigns or even salesmen if the public knew as much about his product as he does. That is impossible, of course, with the American standard of living requiring so many different commodities and services and with technology developing new products and constantly improving old ones. Advertising and, above all, salesmen are needed to tell the consumer of a product's ad-

vantages and features. And the salesman must know what he's selling because the customers are better informed and the competition is getting keener all the time.

A generation ago, too many salesmen didn't care about the end result. They were interested only in clinching a sale, collecting their commission and making the next call. Such tactics no longer pay off because the customer demands more of a salesman.

The successful salesman today looks on the ultimate user of his product as an indirect employer who must be satisfied and given all the service at his command to build up good will for a future sale. This change of attitude has been caused by two trends in recent years: 1, the growing appreciation on the part of large corporations of careful screening of their representatives; 2, the higher caliber of men and women who have been attracted by the unlimited opportunities of selling. In July, 1951, more than 3,000 recent graduates of the C.C.N.Y. Midtown Business Center's Salesmanship Unit were averaging \$350 a month. And the director of the unit, the largest in the world, reported that he had more jobs than graduates to fill them.

The dynamic power that keeps the wheels of industry and progress turning is salesmanship. In the first quarter of 1951, manufacturers had an inventory of \$37,000,000,000. Manufacturers' salesmen turn inventory once in 46 days when all manufacturers are lumped together thereby converting annually each inventory dollar into eight sales dollars. Wholesalers had an inventory of about \$9,000,000,000 and salesmen, disposing of inventory once every 40 days, changed each dollar of working capital into \$9.12 in sales. Retailers turned over their \$18,400,000,000 inventory in 45 days and created \$8.11 in sales for every dollar invested in stock.

Producing this enormous volume takes a lot of doing. To be specific, some 5,000,000 salesmen consummate 50,000,000,000 separate transactions a year. It is expecting too much that all these 5,000,000 people should be bright, courteous and thoroughly conversant with the merchandise they are selling, but the National Sales Executives, an organization founded in 1936, has a program designed to raise the general level of personnel. At present, 16,800 executives and managers are members of the N.S.E. and they will have held clinics and rallies attended by 75,000 salesmen during 1951.

There are 124 local clubs in the United States, seven in Canada and several in Latin America which hold one to four meetings a month to discuss problems of the profession and to interpret the philosophy of the organization's slogan: "Better Standard of Living for Everyone through Better Selling." In addition, the N.S.E. this year is conducting courses in 60 colleges and 80 high schools to promote the understanding that salesmanship is an active factor in the national economy.

The last function is, perhaps, the most important on the N.S.E.'s agenda. Last year the Alfred P. Sloan Foundation made a survey of economic education in our schools. The findings were shocking. Scarcely ten per cent of the students in some 500 public high schools were getting instruction in the factors and forces that shape their careers and largely determine their personal happiness. Only one state required an economics course for graduation. Worse yet, the professional preparation of the

teachers was "incredibly low."

The situation was not much better on the college level. Only one student in four was taking some sort of economics course and most complained that it was abstract, dry and uninteresting stuff. None of the textbooks widely used gave a strong exposition of the advantages of free, private enterprise. "They subtly condition the student to accept the thesis that the role of government in economic life must inevitably be progressively greater," the report stated.

Many private organizations were trying to fill the vacuum in formal economic education, but the Sloan Foundation labeled too many as special-interest groups. "These mass efforts often try to frighten the public into an appreciation of our blessings, or to sell them a bill of goods by an extravagant extolling of the virtues of our traditional system. The numerous questions that trouble the minds of people are seldom squarely met."

The possibilities of financial re-
(Continued on page 72)

**FOR
SALE**

The more America makes the more it has to sell. Tremendous gains in production capacity, already made and on the way, point toward a challenging selling job. For example:

STEEL	Today's production equals 1,360 pounds per person. In 1953 it will reach 1,500 pounds. That's 48 per cent above 1948 use.
ALUMINUM	Ten years ago we used three pounds per capita. Now it's 10 pounds. Capacity will reach 19 pounds in 1953—530 per cent above 1940.
RUBBER	Within two years synthetic capacity and natural availability is expected to be twice prewar level of 11 pounds per person.
PETROLEUM	Average use in 1940 was 410 gallons per capita. Now it's 640 gallons. By 1953 capacity to produce it will equal 720 gallons.
FIBERS	Combined cotton, wool and rayon use prewar was 36½ pounds per person. By 1953 we'll have 53 pounds for each person.
FOOD	We consume annually 2,160 pounds of food per person now, a 210-pound rise since 1940. We'll have another 100 pounds by 1953.
AUTOMOBILES	Within two years we will have manufacturing capacity to make one for each 16 persons per year. That's twice the prewar rate.
RADIO	Capacity to make them now is one for each 12 persons each year. Will be one to eight—a 37 per cent rise—by 1953.
TELEVISION	It's one to 30 persons now, will be one to 18 within two years.

The Atomic

SIX YEARS after the first public demonstration of power from the splitting atom, the great new force already is beginning to play an integral part in human affairs. Like many other epochal discoveries, it was first hailed with gaudy prophecies of a millennium just around the corner. When these early predictions proved premature, there was a wave of doubt and skepticism, and a widespread notion that we were spending some \$2,000,000,000 a year only to propagate engines of destruction.

Now, after a shakedown period of experimental applications in scores of laboratories, the new force is really going to work. Nuclear physics—not merely the core of a new gadget, but a new science with infinite ramifications—is revolutionizing the techniques of the basic sciences, and those of industry, medicine and agriculture.

The general human progress that is awaiting its full application is every bit as striking as the superiority of plutonium over explosives of the pre-atomic era.

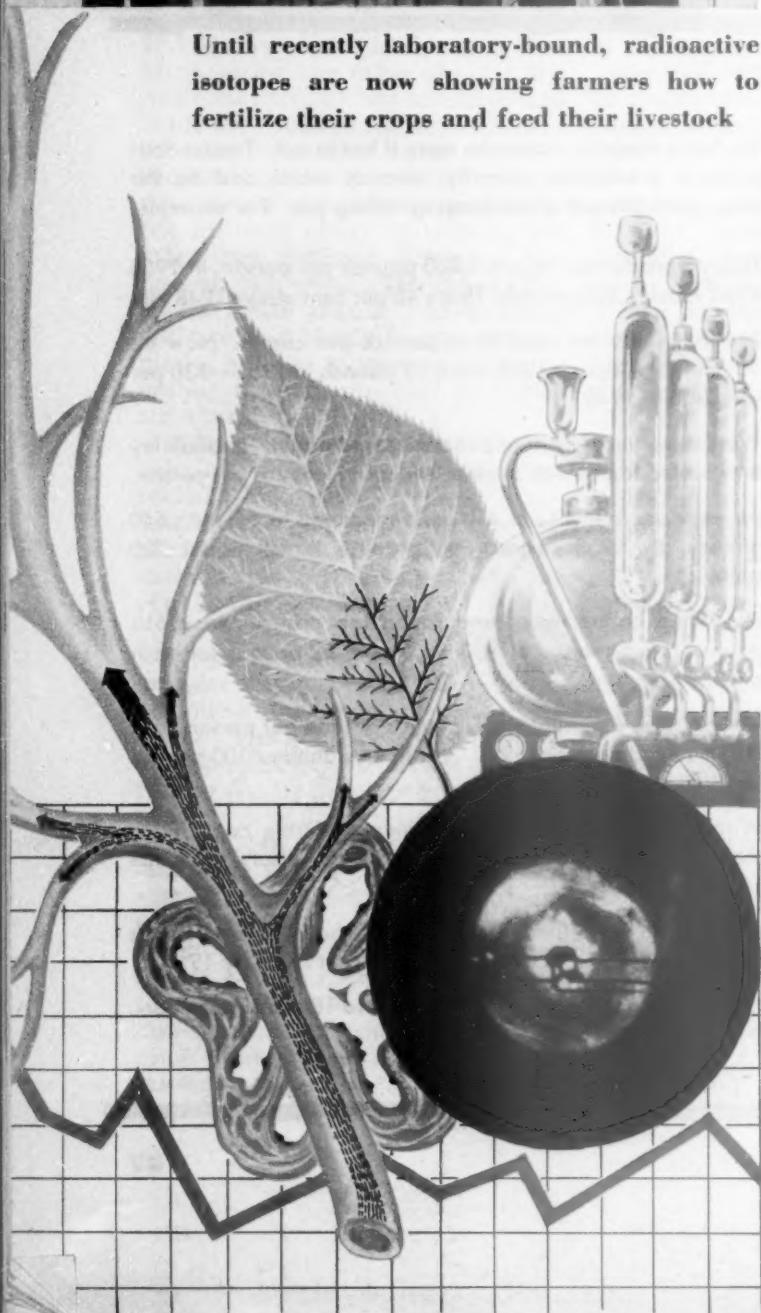
It is true that because of the present international crisis we are forced to devote our main efforts toward the inventing and building of weapons. In this we think we have been almost remarkably successful. To do this without smothering the development of peacetime uses has been something of a trick. But we are doing it, not as fast as we would like, but in many cases so fast that industrialists, scientists and technical men are far behind in learning to use the new tools that we have offered them.

When we speak of nonmilitary uses, many people ask: "When are you going to give us cheap atomic power?" That's a misconception we are always trying to clear up.

Cheap power has been a magic phrase for decades and many of the people who use it are not very good at cost analysis. In a nutshell, the cost of electric power as it comes out of a generating station in this country is about half a cent a kilowatt-hour. If that production cost were cut to zero, the saving to the consumer would be less than he has obtained already over a period of years by means of improvements unatomic and therefore undramatic. The big cost is, of course, distribution, and this cost is not influenced by the nature of the power which generated the electricity.

When and if large-scale atomic power becomes economically feasible, we aren't likely to make use of it first. We are blessed with cheap coal, which sells here for \$3 or \$4 a ton at the top of the pit, compared with \$12 to \$14 in Europe. If the cost of atomic energy ever gets low enough to compete with coal, its first use may come elsewhere, for the same reason that the diesel engine and other high-first-cost, economically operated power devices were adopted in Europe long before they crossed the Atlantic. It is true that atomic power costs are moving in the right direction, but no informed person can seriously con-

Until recently laboratory-bound, radioactive isotopes are now showing farmers how to fertilize their crops and feed their livestock



Cloud's Silver Lining

By SUMNER T. PIKE *Member of the Atomic Energy Commission*

sider it in the place of coal—not for a long time.

Utilization of the heat wasted in plutonium manufacture to produce by-product electric power may come much sooner. We have completed agreements with four teams of business and industrial firms in St. Louis, Detroit, Chicago and San Francisco, giving them access to information for a study into the feasibility of building private reactor plants for the production of both plutonium and power.

I hope this can be done, for we are constantly working toward the goal of turning as much of the program as possible over to private industry. Of more than 90,000 people engaged in atomic energy work in the United States today, fewer than 5,500 work for the Government; the majority are employed by the 500-odd contractors and subcontractors who do most of the work.

Atomic power for special purposes is another story. Its first use probably will be in the submarine, and there again we can compare it with the diesel engine, which as a mobile prime mover paid off first in the undersea boat because the saving in volume of fuel greatly increased range. With nuclear power,

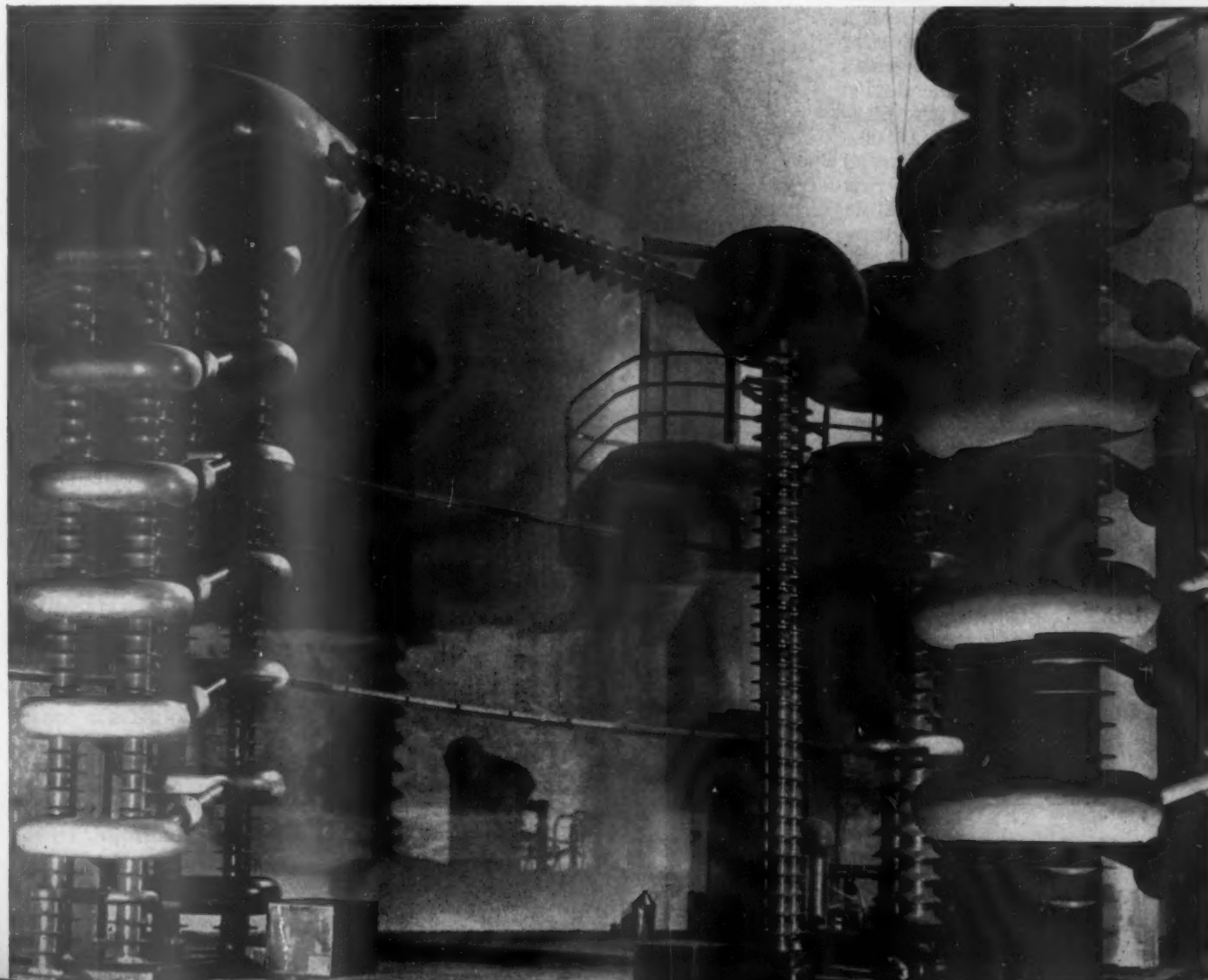
Blood brothers to A bombs, "hot" atoms are performing wonders in science, agriculture and industry

we could get rid of the batteries and ballast and save space which could be used for the shielding needed to protect the crew from radiations. In a submarine, size and weight of this protection might be further reduced by relying on ocean water to absorb radiation at the sides. In drydock, temporary shields could be used.

In the future development of atomic power, much depends on reducing the size of heat-exchange units. That problem is by no means new, and great advances were made in the decades before Hiroshima. Much smaller boilers have enabled the Navy to use less space for power plants in ship hulls. The possibility of mobile atomic power has intensified this problem.

Every now and then, someone asks if we can't eliminate the step of making steam from the heat

Nuclear physics is not merely the core of a new gadget, but a revolutionary new science



of a reactor, and turn nuclear energy more directly into electric energy. I can only say that this is a wonderful dream. There again, the problem is not new, and it might be just as easy to convert the energy in coal directly into electricity without burning it to make steam.

People like spectacular "miracles," and power is a dramatic word, but there are many other exciting new applications of nuclear energy, and they are becoming more important every day. The results of these applications are not apparent in health statistics, but they are there. You may not see them mentioned in lowered costs of raising crops and food animals, or in the building of better automobile engines, but they are playing an increasing part in these fields.

Manufacturers have been slower than scientific researchers to realize the great versatility of radioactive isotopes as a tool. But now scores of industrialists are eager to get in on it, and already "hot atoms" are saving raw materials and speeding up production.

Five companies, under government supervision, now market isotopes synthesized into compounds. Another has begun discussions with the Atomic Energy Commission on the development of privately financed isotope production facilities to be operated commercially.

One example of how isotopes work for industry is Goodyear's problem of gauging the thickness of plicofilm as it moves over the rollers in the process of manufacture. They needed a minimum thickness of $4/1000$ ths of an inch for the packaging film, and they had been running it $5/1000$ ths of an inch as a margin of safety because of the difficulty in keeping it to the exact thickness desired. So they put a container of radioactive material beneath the moving sheet and a detector above it. By measuring the radiations which pass through the sheet, this device gauges the thickness of the plicofilm with a tolerance of $1/100,000$ th of an inch, thus saving as much as 20 per cent of the raw material. This makes possible continuous inspection and automatic self-correction without touching the moving film. It is simple, foolproof and permanent.

For thin materials like this, you can use radioactive carbon 14, which has a half-life of 5,200 years. For thicker materials, radioactive strontium is used, while radioactive cobalt will go through two feet of steel.

Automobile and petroleum companies are learning surprising new things about engine wear by building experimental engines with piston rings and cylinder walls containing "hot" carbon or iron. By measuring the radioactivity of the lubricating oil after a test run it is possible for the first time to tell accurately what part has worn away and how much.

For years, motor makers have suspected that as an engine runs, metal worn away from one surface is deposited on another, but there was no way of proving it. Now, by the use of tagged atoms, the

theory has been confirmed. Discoveries like these ultimately put more years on the family sedan.

It has been found that the subnuclear particles which are "broadcast" by these "hot" atoms create a path through the air which will conduct electricity—in other words, they will ionize gases, including air.

This characteristic has been turned to an important use. A serious problem in paper mills and in textile spinning and weaving plants has been the building up of static electricity by the fast-moving, nonconducting materials. If you put anything radioactive near the rollers, it will ionize the air and drain off the static. It is the simplest method ever used.

Using the "hot" isotopes which are turned out cheaply in our reactors, more than 100 plants already have installed this system.

Many more applications of this ionizing ability are being tested by research laboratories. In flour mills and other operations where dust creates an explosion hazard, the same method might be used to drain off excessive static. A tiny pinch of "hot" material could be used to make fluorescent tubes light up faster. The present delay is caused by the time needed to build up voltage before the gas in the tube is ionized, and if a little radioactive stuff were introduced, the gas would be permanently ionized, and the voltage requirement would be lowered.

Phosphorescent substances which glow at night can be excited by small quantities of the radioactive materials manufactured in our atomic piles. The Navy is using sealed phosphorescent markers containing "hot" strontium to illumine strips around doors, stairs and passageways, to prevent accidents when the ship is blacked out. These warning lights last a long time, for it takes 20 years for the "hot" strontium to give off half its energy.

By varying the composition of the phosphorescent powders, lights of many different colors can be obtained. This may lead to display signs with built-in illumination, to self-lit strips of bathroom tile, or to highway markers or house numbers which glow perpetually in the dark.

The radiation output of such devices would of course be very low, yet careful tests must be performed to make sure that their use would create no health hazard.

In many fields of agriculture, nuclear physics is playing a role. For centuries we have been fertilizing crops and feeding animals largely by trial-and-error.

Now we have an accurate new method for determining what part of the fertilizer goes to what part of the plant, and when, and exactly what part of the animal's body utilizes what nourishment, and in what proportion.

State agricultural experiment stations from coast to coast, with the support of the Atomic Energy Commission and the Department of Agriculture, are experimenting with the new tool. Fertilizer con-



Subs, planes, and cars one day may have atomic power plants. Work is under way on the first

Take it from one who knows—

GREETINGS by Telegram



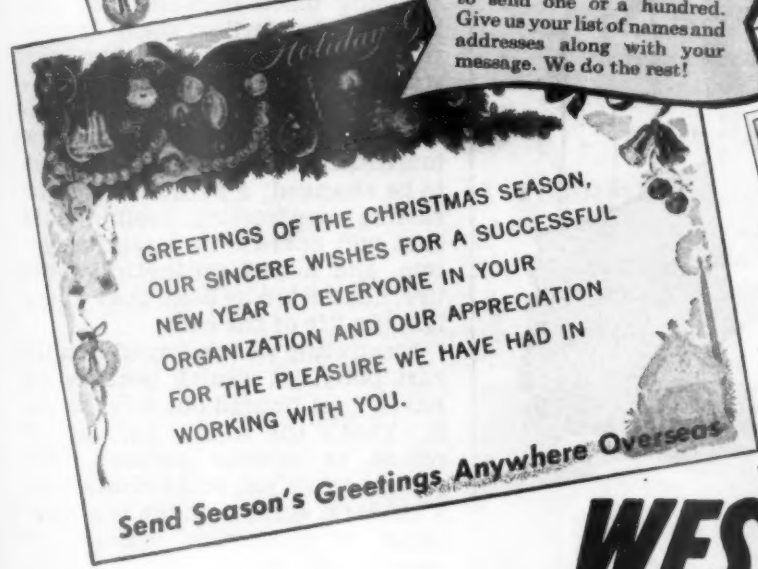
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taining radioactive phosphorus—"tagged" for the same reason that a cow is belled—has been traced by detectors from the soil to the corn to the hen to the egg, revealing new facts about phosphorus utilization as it travels from one host to another.

Before tagged phosphorus was used, there was no way of telling what phosphorus in the plant came from the natural element in the ground and what came from the added fertilizer. It has been found, for instance, that phosphorus doesn't move much more than an inch through the ground after the fertilizer is applied. This means that plants with shallow, spreading roots, like potatoes, can be fertilized many days after planting, but that corn, with its deep tap root, cannot.

Tagged atoms placed in weed-killing chemicals trace the penetration of the poison, providing clues as to the permanence of the effect; tagged selenium is being used to study selenium poisoning in western cattle, and other tagged atoms have shown that oak trees graft together at the roots and that this may be connected with the spread of the oak wilt disease. Hawaiian sugar planters, by putting air-tight bags around sugarcane tops and feeding them carbon dioxide containing tagged carbon,

have found that within 30 minutes the carbon announces its presence in deposited plant sugar—information which is valuable in determining the proper cutting time.

WHEN the great mystery of photosynthesis—the plant's method of utilizing sunlight and carbon dioxide to manufacture the food we live on—is finally solved, it seems inevitable that radioactive isotopes will play an important part in the discovery. No scientific goal is more dazzling in its social and economic implications than the cheap manufacture of synthetic foods. If it is ever reached, the products of our reactors will shorten the quest by many years.

Unexpected results sometimes come from our work. We needed a metal for use in our reactors that would stand up better than steel and would not absorb so many neutrons. We tried titanium, but it absorbed neutrons. We tried the rare metal zirconium, but it, too, absorbed neutrons. But zirconium has a Siamese twin, hafnium, and we thought this might be the villain. So, after a lot of trouble, we got hafnium-free zirconium. It worked fine.

Hafnium was the thing that ate up the neutrons.

Now we'll probably found a zirconium industry, and the versatile

metal will enrich our national locker of raw materials.

As another result, we have produced radioactive hafnium, and medical research men are looking into its possible uses and effects. There is some experimental evidence that it has a specific effect on the adrenal glands, and that, if confirmed, would raise interesting speculation.

The whole new field of fluorocarbons, from which superior resins, plastics, lubricants and other chemical products have been made, got its big push from the Oak Ridge plant. To obtain the purified U-235 needed for the bomb, metallic uranium was combined with fluorine, one of the most violent of elements, forming the gas uranium hexafluoride, which passed through thousands of pumps in the enrichment process.

This highly corrosive gas would eat through any known gasket material or valve lubricant, so we made fluorine fight itself by developing leak-stoppers from fluorocarbon compounds which Du Pont and the M. W. Kellogg Company had been testing.

NOW the stuff is being used to lubricate valves in chemical plants, saving large sums in replacements, and plastics made from it are coming into use because they will stand a great deal of heat. Cables in television stations, which get pretty hot, are now insulated with it, and in test cases this insulation has stepped up the power of electric motors by as much as 40 per cent.

Bags made from a fluorocarbon film are used by the Red Cross for shipping blood because they can be boiled to sterilize them—something no other plastic film can stand. Some chemists are predicting that fluorocarbons will revolutionize the automobile, with a new lubricating oil that never will have to be changed; a permanent, non-rusting, nonfreezing cooling fluid that will operate in a sealed system, and a new synthetic rubber tire, unaffected by heat, that would last the life of the car.

Meanwhile we are forced to bury vast potential wealth because we haven't yet figured out ways to use it. That's the highly radioactive refuse, or nuclear garbage, that you get when you make plutonium. This dark, syrupy sludge is a hell-broth of dangerous isotopes of many kinds. Getting rid of it is an expensive nuisance. One tank of this waste might be equal in effect to tons of radium. We have "graveyards" full of it, and are making



"All right! I heard you! Come in"

more every day. Radium costs \$20,000 to \$25,000 per curie, or gram, and we can sell these waste fission products much more cheaply per curie.

There are numerous ways of using this stuff. Hard plastics are formed from liquid compounds by means of heat, and it has been discovered recently that radioactivity will do the job. Synthetic rubber might be polymerized in the same way.

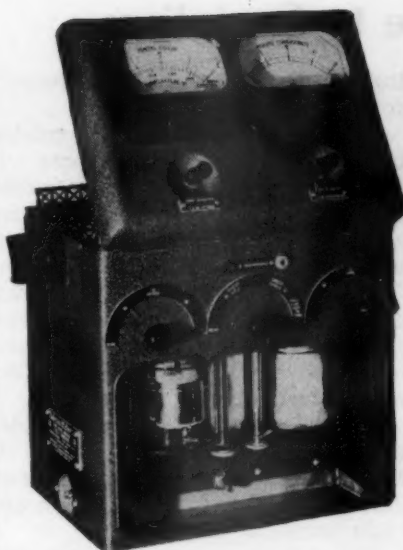
One of the great goals of the food industry is sterilization without using the high temperatures which destroy flavor and affect vitamin content. It has long been known that bacteria can be destroyed without heat by radiation, and a great deal of experimental work is being done to find out whether the radiation would cause changes in food that would be harmful to persons eating it. If preservation by radiation is not harmful maybe sometime they will harness all that hot stuff we have to bury, and you can keep milk and other fresh foods on the shelf for months without refrigeration.

Things may not work out exactly in this way. Other methods of using the great new force may take precedence. But industry has become convinced that the atomic energy program offers great opportunity for those alert enough to grasp them.

FINALLY I would like to reassure some people who are overconcerned about the hazards involved in using the new atomic tools. Too much has been made of the potential dangers. Last spring several of us went to Eniwetok on the same day of the bomb test. We spent two hours on a boat around the island, and none of us absorbed more radioactivity than we would have if we had taken a chest X-ray. Most high-powered isotopes decay rapidly.

By following strict but simple rules, the dangers can be easily controlled.

In the early days of radium, work proceeded by trial and error and many people lost their lives, but all the hazards of nuclear fission were foreseen from the start. We are teaching safety techniques as fast as we can by means of 28-day courses given to scientists and technical men. Hundreds already have learned the ropes, and we are enlarging our teaching facilities. Soon the country will have a large corps of specialists, trained to channelize the new force in the coming revolution of science and industry.



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Corporate Route to Socialism

(Continued from page 29)

for new sources of ore, oil and other natural resources; laxness toward expense accounts; and heightened promotional effort in product and institutional advertising, designed to accumulate deferred intangible corporate assets such as good will.

The impact of cheap dollars under the formula of the new law occurs in three phases. Where profits are in the lowest corporate tax bracket of 52 per cent the tendency to increase operating expenditures will be at a relative minimum, since the company must still pay 48 cents on the dollar for such outlays.

Once profits have soared beyond the 52 per cent level, however, and jump toward an 82 per cent bracket, the incentive to relax attention to costs is at its greatest, since management must pay out only 18 cents on the dollar for such projects as it decides to undertake. As profits rise still further they strike the 70 per cent over-all ceiling provided in the law, and—at this stage—management must pay 30 cents on each dollar of cost. So the tendency toward artificial liberality is somewhat reduced again.

THE effect of taxes on management psychology was illustrated by another executive who said:

"Every company, I suppose, has a long list of projects, which it hopes to undertake some time, in the general field of maintenance and repair.

"In most companies, management gets only halfway down the list at best in any year, but under the impact of the new tax law, there will be a strong inducement to undertake, at once, maintenance and repair projects that might otherwise be delayed for a number of years."

In prosperous industries, where demand is elastic, management makes super efforts to offset the damage of taxes to retainable profits through expanding volume. As one company president put it:

"Under the present tax laws we feel that it is necessary to spend more money for sales and sales promotion, because only by increasing volume can we achieve a maximum in production efficiency. In some respects this might be called a deferred benefit, but we need more and more volume as taxes go up to get sufficient earn-

ings to provide reasonable returns for stockholders."

This stretching for added volume is not conducive to economy. In fact, an executive in heavy industry points out that, under existing abnormal circumstances, it pays to be wasteful in some directions. Specifically, he had in mind expenditures for premium on overtime and for unusually heavy maintenance costs to squeeze out additional output.

This same attitude has expanded to include expense accounts "to relieve the squeeze on salaried employees resulting from inflation and high personal taxes."

"Wherever personal expenditures can legitimately and legally be regarded as business expenses," one executive said, "we are disposed not to question such items. Frankly, a decade ago, businessmen took a different view of the expense account."

IN THE extractive industries the changing pattern of business behavior has inspired use of less readily accessible, high-cost veins of ore now, conserving for a later, more competitive period superior low-cost sources.

Such decisions grow out of the prevailing cost-plus philosophy engendered by the new tax structure. The same factors create a desire to achieve lasting benefits through building modern plants and equipment when such an investment in a defense industry is eligible for so-called five-year amortization. This allows accelerated depreciation in five years instead of the conventional ten- or 15-year period.

Incidentally, this five-year amortization is a partial offset to the Internal Revenue Bureau ruling that forces companies to depreciate old factories and machinery on the basis of original historic cost, rather than current replacement outlay which is several times higher.

Where the new facilities built on the five-year amortization plan will be usable in peacetime, executives regard the permission as manna from heaven. There is, however, the accompanying risk of creating excess capacity for normal times. During the existing armament boom, many utilize both the old and the new plants. Prudent management is thinking ahead in terms of plans to dis-

mantle the obsolete and less efficient plants when and if this situation changes.

Similarly liberal depletion reserves allowed for oil and metal companies with wasting assets take on new significance and attractiveness as the total ceiling on corporate taxes rises. The fixed allowable deductions become more valuable the higher the tax rate.

Another device for corporate survival is for management to accumulate cash by reducing the ratio of net earnings, after taxes, which are being distributed in cash to stockholders as dividends.

CONCURRENT with these internal management moves, there is an outside effort to induce corporate executives to be liberal in contributions to philanthropy on the basis that the tax collector is a big co-partner in such generosity. A five per cent deduction of net corporate profit before taxes is permitted for expenditures for educational, welfare and scientific purposes.

Referring to this, Deane W. Malott, new president of Cornell University, said:

"There is a somewhat added incentive for business concerns to be more generous in research grants and in aid to education than they might be were the tax burden less oppressive."

Of course, when the day of reckoning comes, less discriminating executives, in taking a relaxed attitude toward the cost sheet, may find the benefits illusory.

One of the ablest and most experienced certified public accountants in the country, in discussing this with me, concluded:

"It is inevitable that such taxation will result in many expenditures for future benefits that will not be realized.

"We need more taxes that will make thrift advantageous instead of more taxes which tend to make extravagance less expensive to the maker, though not to society."

The Ruml formula of free and easy corporate spending of cheap dollars may find a barrier in corporate shortages of cash. Of course, topnotch companies can borrow what they need, and, since interest is a deductible expense, the net cost of loans will be negligible. Nevertheless, operating men will recognize that they weaken the financial structure by mortgaging their future for the unproductive purpose of paying taxes. It should not be overlooked that a tax bill of 52 per cent of profit may consume 100 per cent of the available cash.

This was clarified by Henry H.

Heimann, executive manager of the National Association of Credit Men, who observed:

"We expect that some businesses that are making a paper profit will find themselves short of cash and be in the anomalous position of having a profitable business but actually being squeezed for lack of money, and consequently having to deal with creditors for relief. The average person thinks that a dollar of earnings is a cash dollar. But in modern accounting methods the dollar of earnings is reflected in plant expansion, plant improvement, heavy inventories due to inflated value and a measure of dividends."

Thus Riskless Socialism is altering the fountains and springs of our way of life from which incentives flow. Circumstances have forced creative management to shift their attention from their role of making more and better goods to adjusting their procedures to the whims of expanding Government.

The tax specter causes even leaders to look for old-age security in pensions and stock-option benefits rather than in savings independently accumulated over the years. Some liquidate successful concerns prematurely because they can retain up to 75 per cent of the proceeds of a profitable "capital gains" transaction, while they can keep barely 13 per cent of high-bracket salary and dividend receipts.

In discussing the new economic climate, L. A. Warren, president of Safeway Stores and formerly a financial analyst, remarked:

"As I see it, a great deal of zest has gone out of our life and this is due to the limited-incentive philosophy which has been imposed upon us.

"The backbone of our industrial system was formed in the days when the incentives for enterprisers were high and they could shoot for the moon. A great deal of capital was dissipated no doubt in an attempt to fulfill dreams which never came true. Nevertheless, the high incentives involved paid off and we had tremendous growth and industrial development as a result."

It is important for Joe Doaks, who as customer and voter is headman under our system, to recognize the importance of maintaining the dynamics of our competitive system. It would be disastrous merely to perpetuate the outer forms of an enterprise system without maintaining the substance as well.



Cutting approach to uranium prospect near the junction of the Green and Colorado Rivers.

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Furnishing air for drilling in uranium ore near Natural Bridges National Monument, Utah.



Supplying compressed air for drilling uranium ore in canyon just beyond the compressor.

Our "Loyal" Saboteurs

(Continued from page 35)

potent. Quite patently the plant had been saved from destruction. But Murphy was modest—it was nothing, really. He'd observed the infernal machine in the deserted cafeteria as he was passing through. Curious to know who'd left the lunch pail there, he'd opened it seeking some means of identification. Obviously, there was no time to lose for the mechanism was set to explode in just a few minutes. Well, they all knew the rest of the story.

A couple of voices were not added to the loud chorus which applauded Murphy's heroism. They were the voices of two FBI men who'd been summoned from the nearest field office. "U'huh!" they grunted, and set to work investigating. When they got through they had a different story to tell a federal judge:

Murphy, it developed, was a loyal American, but a singularly poor security risk. Hungering for a hero's role, he'd rigged the bomb himself, planted it, "found" it, and then turned in his hair-raising intrepid performance.

"A year in federal prison," said the judge.

"How's that?" asked Murphy, who was slightly deaf.

"And \$100 fine," added the judge for emphasis.

"Foreign agents may be expected to damage materials either being used or being manufactured at a plant, including raw materials and materials being used for processing," says the FBI.

Even the fragrant breezes of April wafting over the Maryland countryside failed to call forth appropriate vernal response from a group of top executives at the Glenn L. Martin Aircraft Company. Management was worried. So was the United States Navy. So was the FBI. The company was producing urgently needed carrier aircraft for the Navy, and something was wrong. . . .

In secret session the experts listened to a naval inspector, John Laurant Tipton, present a summary of his detailed written report:

"In the matter of these last six aircraft, when I undertook my inspection I found numerous instances of defective electrical installations—wires broken, gauges not functioning properly, hydraulic tubing pinched. . . ."

"Yet each of these airplanes had been examined previously by company inspectors, had it not?" inquired one of the group.

"Yes, sir; each of the airplanes had passed the company inspectors."

"In the past several months, how many cases of this sort have come under your notice, inspector?"

"The detailed record would be in my log, sir," replied Tipton. "Certainly better than 100."

"Have you any ideas about how this damage is being caused?" pressed the executive.

"Not particularly, sir," said the young man. And then he added, slowly, "if it is damage that is being caused deliberately, that is."

"You mean that the damage may not be deliberate; that it isn't sabotage?" asked the FBI representative.

"Well, sir, it could be just faulty

"No society can possibly be built on a denial of individual freedom. It is contrary to the very nature of man, and just as a man will not grow horns or a tail so he will not exist as man if he has no mind of his own. In reality even those who do not believe in the liberty of the individual believe in their own."

—Mahatma Gandhi

workmanship," pointed out the cautious Tipton.

"But if it was faulty workmanship the company inspectors would have discovered it before these aircraft reached you for final check, wouldn't they?"

"They don't seem to have," was Tipton's noncommittal reply.

The naval inspector was dismissed, and the executives turned their attention to the FBI special agent who had undertaken an investigation:

I suggest, gentlemen," he told them, "that we make a test case. Let's take a specific airplane and, without announcement to anyone, let a special record be made of everything that happens to that particular aircraft. Have it inspected by reliable experts on appropriate occasions, and then let their inspections be checked by other experts who have no knowl-

edge of the matter. Perhaps, by the time this airplane reaches completion, we'll have some clues."

Never in the history of the Glenn L. Martin Company had an airplane received such detailed attention as was bestowed on Aircraft X as it moved toward completion. Yet the checks and double checks were made so quietly that, when Aircraft X was lined up with several others for final approval by the naval inspector, company officials were sure that no hint of their "test case" had leaked out. All aircraft in the group with Aircraft X had been passed, by company inspectors not in on the plans, as ready for delivery to the Navy.

Methodically naval Inspector Tipton went through the planes. Then he submitted his findings. He had discovered defects in every one of the airplanes, including half a dozen in Aircraft X which the officials knew had been turned over to him in perfect mechanical condition. Obviously Tipton was a suitable subject for intensive FBI investigation.

Tipton was not a saboteur; he was just a bad security risk. A pre-medical student, he had accepted the position of naval inspector at the Martin plant to avoid the draft. He had taken a violent dislike to the company's inspectors, and to blacken their records he had personally damaged airplanes they had previously approved, then "discovered" the damage when the aircraft came to him for final inspection. Under FBI questioning he confessed 150 separate acts of damage. A federal judge sentenced him to two years.

"The wrecking of transportation facilities constitutes one of the most successful methods of committing sabotage," FBI warning.

In the dark hours just before dawn a crowded troop train raced through the desert country of southern California, in the vicinity of the Salton Sea. At the throttle an alert engineer peered ahead through the gloom; he was making up time on the flat. Suddenly he slammed on the brakes amid a shower of sparks, hiss of escaping steam, and the shriek of huge drivers locked and skidding on tortured rails.

With a scant few yards to go the heavy train ground to a stop at the edge of a ravine spanned by one of the longest and highest bridges in the whole Southern Pacific system. The bridge was in flames; while the train crew and the soldiers watched, it collapsed.

Three hundred yards beyond this bridge was another. It was also on

fire and collapsed as dawn crept over the eastern rim of the desert. Less than a week later two more Southern Pacific bridges were destroyed by fires in the night, to be followed inside a month by two trackside buildings, and three refrigerator cars. A ring of enemy saboteurs might have chalked up the attack on the Southern Pacific as a most successful undertaking. But no ring of professional saboteurs was involved.

SQUADS of FBI special agents were assigned to the case. They made plaster casts of footprints found beside the SP tracks; followed dim trails to outdoor "nests" where the miscreant or miscreants obviously had holed up, living on wild honey and raw vegetables; picked up, questioned, and then released hundreds of suspects; made an intensive investigation in an obscure Sacramento hotel. And then, six months after the bridge fire, they arrested 45-year-old Vernon Parks.

He was not an enemy agent; he was just a confused individual who had a grudge against the world and took it out on the Southern Pacific Railroad. Parks made a full confession and was sentenced to 15 years.

"Foreign agents may be expected to damage, steal, or interfere with blueprints, formulae, working models or other confidential data." FBI instructions to special agents.

Experimental work at Consolidated Vultee on a new superbomber was so secret that a special building was set aside for this purpose alone at the Fort Worth, Texas, plant. Only employees whose loyalty was unquestioned, and who were working directly on this highly secret project had access to this building. One of these workers was Harry Herndon, a young man assigned to work in the template layout pattern shop. But official recognition of his reliability was not enough for Harry Herndon; he wanted his mother and his friends, and most of all, his fiancée to know he was on the inside of things.

The people Herndon wanted most to impress lived in his home city of Detroit. Of course he could write them and tell them all about it, but they might not believe him. So he hit on a plan which would leave no doubt in their minds that he really was possessed of the Government's most zealously guarded secrets—he stole a master blueprint of the superbomber, and mailed it to his sweetheart.

The FBI's approach to the matter was simple, too. Special agents

visited Herndon at his Fort Worth rooming house, recovered 15 blueprints of less secret projects which he'd appropriated and then decided not to mail to Detroit because they "weren't secret enough"; and obtained from him a confession concerning what he had done with the blueprint of the supersecret superbomber.

Herndon drew three years in a federal prison.

"Foreign agents may be expected to attempt injury to the personnel of industrial plants contributing to war production, including the introduction of contagious diseases." FBI manual on sabotage.

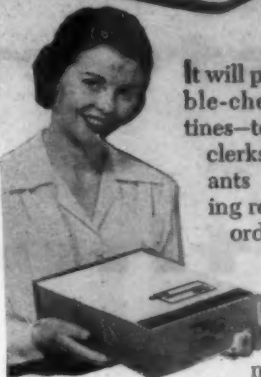
One pleasant spring morning key employees of an aircraft corporation at San Diego, Calif., started dropping out like flies. First one, then another would look up startled; begin to scratch furiously, and dash for the first aid room. There, a curious sort of rash was discovered on many of their bodies; they were larded with soothing ointments and sent home. Meanwhile top executives at the plant became seriously alarmed, and in notifying the FBI of what looked like a bacteriological attack on their workers, they pointed out that all "symptoms" had developed soon after the workers changed into work clothing for the morning shift—a possible clue.

The FBI found the clue fruitful indeed. It led them straight to John Wilson Salter, an ebullient young worker with a strong sense of humor. He'd sprinkled the work clothing of all his fellow employees with "itch powder."

THE greatest problem involved in the question of individual security is that nobody, from John Edgar Hoover to the humblest plant guard, can devise effective machinery for dealing with it. During the last war only two professional espionage apparatuses were known to attempt operation in this country. Both were destroyed before they managed to obtain really important information. The sole attempt at professional sabotage was nipped before it got well started. But by way of contrast, the FBI was called upon to make 19,649 full investigations where sabotage was suspected. In 2,343 instances technical violation of sabotage statutes was discovered, and in 605 cases, convictions followed. Yet "loyal" Americans were at the root of virtually every one of these alarms which cost millions in property destroyed and in some instances caused weeks of delay in the production of needed armament.

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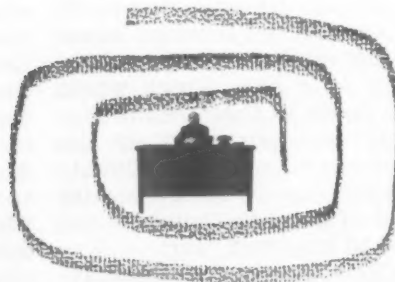
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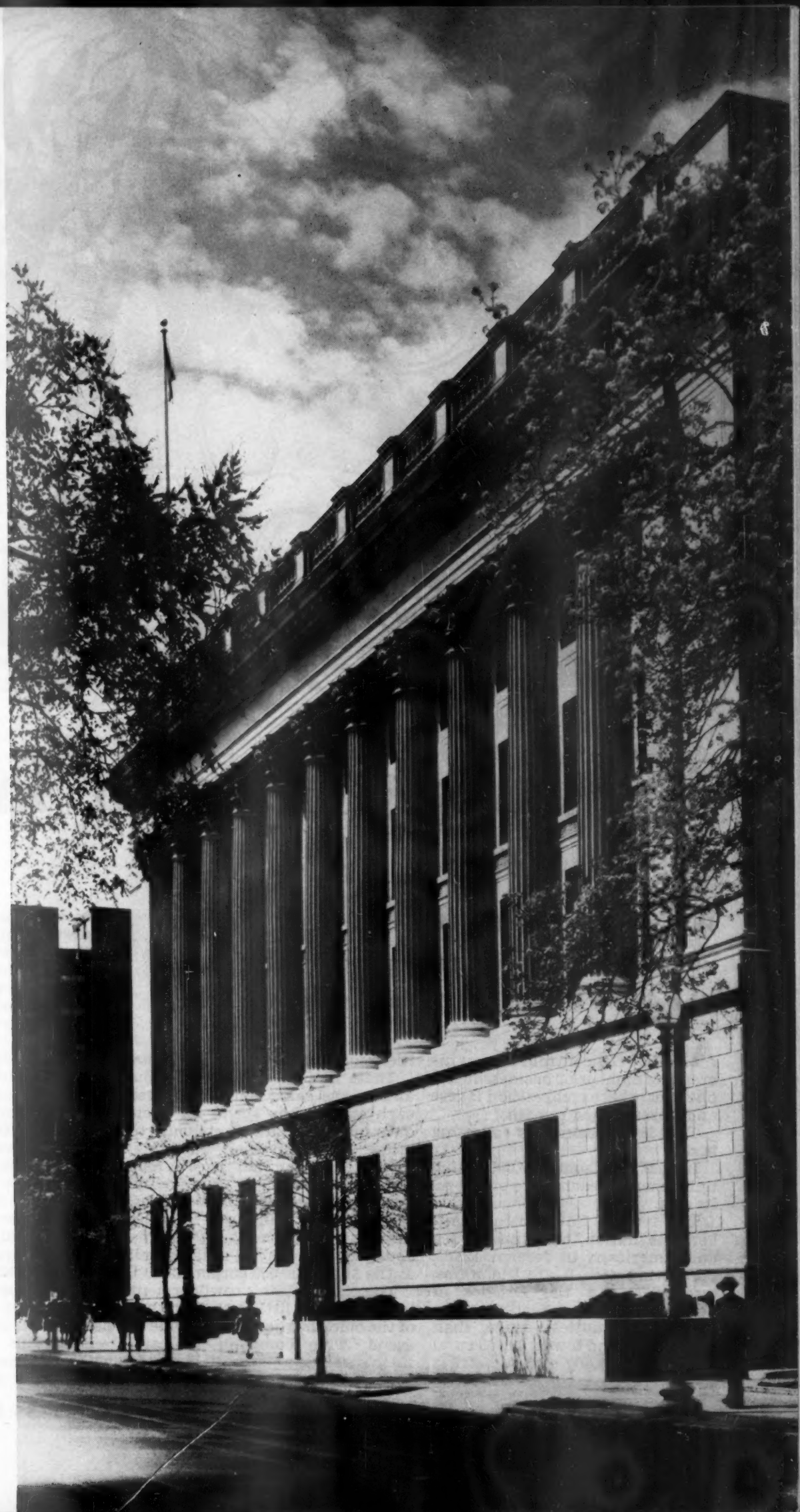
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The Jungle Land of Taxes

By JUNIUS B. WOOD

WITH some 160,000 federal, state and local units now competing for your dollars, it's plain why rivalry is keen and confusion is unlimited

ALTHOUGH control rules an increasing number of business fields, one area where competition is free and unrestrained remains.

That is the business of collecting taxes.

In that field, some 160,000 taxing units operate, each more or less on its own.

The federal Government blankets the nation, the ships at sea and Americans in foreign lands. Competing with it are the states, territories and the District of Columbia. Also collecting taxes are 3,050 counties; more than 16,000 cities and towns, 19,000 rural townships, 118,000 school districts and several thousand special activ-

ities such as drainage districts.

These units argue over revenue and at the same time collect for each other; they spend for their own purposes and contribute to other units for their spending. Rivalry is so keen that three or four units tax the same commodity. Even taxes are taxed by other taxes.

From this labyrinth nobody escapes. A half dozen units tax the youngster who buys a soda as well as the \$1,000,000,000 corporation.

The plain citizen's bewilderment is often only a little less than that of the officials who collect, divide or spend. They complain, too, and their plaint is amazingly like that of the taxpayer—"too little is left."

Local officials say that the state takes too much. State officials say that the federal Government gets the first and biggest bite and that from what is left, the state returns so much to local governments that it faces an annual deficit.

They sigh for the departed years when the federal Government depended entirely on customs duties, excise taxes and land sales for its revenues, while the states collected property taxes and license fees. When Andrew Jackson was president, a surplus from customs collections was distributed to the states. In 1830, \$22,000,000 from customs was the only federal tax collection—\$1.70 per capita. In the past fiscal year, federal revenue averaged better than \$300 per capita, 78 per cent coming from income taxes of which individuals paid two thirds.

Politicians justify this growth with the explanation that the people want more services and so

more revenues are needed. As few commodities or activities are not taxed already, the increased revenues are obtained by raising the rate on what is already carrying the load, although this fact is sometimes hidden by the expedient of calling the same taxes different things in different places. The federal Government avoids a federal sales tax, for instance, although for years it has collected a "luxury" tax—a sales tax under another name.

Another misnomer is "withholding tax," paid by employers who now include farmers and housewives. This is a method to collect workers' income taxes. Instead of getting their full pay envelope to pay their own taxes, the Government takes its bite first.

Should the present federal tax be extended to goods not now covered, it would have to be piled on top of taxes which states and cities already collect.

How this pyramiding brings confusion and waste is well illustrated in the State of Michigan. Michigan is an example, not a strange exception from other states.

Michigan is a populous and prosperous state whose tax payments to the federal Government are exceeded only by New York and Illinois. It has industry, agriculture and substantial payrolls.

When the Northwest Territory was organized in 1787, the only tax was on land. Michigan became a state in 1837, but no other tax was imposed until 1891 when out-of-state insurance companies were taxed to support schools.

As a step toward the often-recommended segregation of tax sources, the state stopped levying a property tax and adopted a retail sales and other new taxes in 1933. The quest for new sources of revenue had started.

Today, Michigan has 8,000 separate taxing units and 32 separate taxes in addition to other sources of revenue as checked by Clarence W. Lock, deputy commissioner of revenue. The property tax has become a monopoly of local units, divided between county, schools, municipality or township. These units can also charge for licenses, fees and inspections.

This lack of standardization and the fact that federal and state taxing units are independent with concurrent constitutional powers, does nothing to simplify tax book-keeping.

But, even so, Michigan's experience demonstrates the national tax picture as well as any state.

While collections of all taxing



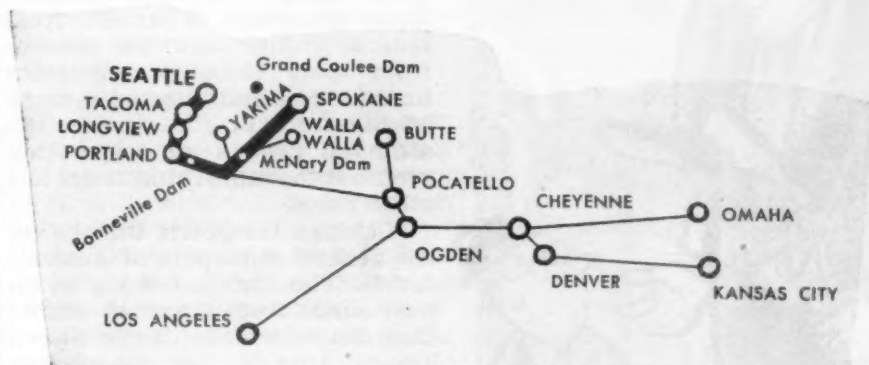
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units in Michigan have increased, those for the federal Government have skyrocketed. In 1950, average per capita tax collections by local units were less than in 1930, with allowance for depreciation of the dollar. In 1930, local collections were practically half of all tax collections in the state. In 1950, they were less than one tenth of the total, while state collections were only a little more. Federal tax collections, however, were 20 times what they were in 1930, or four fifths of all collections.

Federal collections in the state in 1950 totaled \$2,728,500,000—of which \$76,400,000, or 2.8 per cent, was returned to the state. In 1940 Uncle Sam had collected \$287,000,000 and returned \$22,800,000 or eight per cent—a smaller return but a larger percentage.

"Obviously," says Clarence Grevengood, city clerk of Holland, Mich., "the taxpayer does not get \$1 worth of service for the \$1 he has paid."

The state itself in 1950 collected some \$523,000,000, of which a state sales tax produced \$204,000,000 or 39 per cent. Eighteen years ago when John C. Beukema, now manager of the Muskegon Chamber of Commerce, said a sales tax might produce \$30,000,000 in revenue, legislators were skeptical.

Sources of other state revenues in 1950 were 16 per cent from gasoline and automobile taxes; four per cent from cigarettes; 13 per cent from the state's other 27 taxes; five per cent from the state liquor monopoly; 15 per cent from federal grants; and the balance from more than 40 regulatory licenses, fees and assorted sources. Michigan has no state income tax although its tax on corporation profits is the same thing under another name.

Michigan trespasses directly on the federal monopoly of customs tariffs. The state tax is higher on wine made from imported grapes than on wine from home grown grapes. Anything brought into the state for individual use also is taxed.

In 1950, Michigan distributed two thirds of its tax collections to the counties, cities, townships and school districts. It operated on the balance and a \$40,000,000 deficit.

A big item in federal collections from Michigan is the tax on the price of an automobile which manufacturers pay in addition to taxes on other materials. Similar federal sales taxes under other names are collected in many states on products used in all states. A recent survey by Charles F. Con-

don, executive director of The Federation of Tax Administrators, shows that state or local governments also tax 95 per cent of the sources.

Of the principal items, the list shows that 34 states tax incomes; 31, sales; 37, public utilities; 48, liquor; 41, tobacco; 48, gasoline; 32, amusements. Hundreds of municipalities tax the same sources.

Cigarettes demonstrate how these multiple levies mount up.

The federal Government collects eight cents per pack of 20. Michigan takes three cents more. City taxes, where collected, are usually one or two cents. The Michigan state tax is about the national average, although Louisiana collects eight cents a pack and West Virginia only one.

Added to these taxes, and also charged to the buyer, are the business license fees, transportation tax and other excises or permits. Thus for a carton of ten packages, the tax is \$1.10—on which the purchaser then pays the additional three per cent Michigan retail sales tax—three cents tax on the dollar in taxes he has already paid.

In 1950 Michigan smokers contributed \$48,000,000 federal and \$22,000,000 state taxes on cigarettes. On these taxes they paid another \$2,100,000 in sales taxes.

Such taxes on taxes are collected on every article where the federal or state "nuisance" tax is included in the retail price. The largest is on liquor, where taxes already paid are considerably more than half of the price of the purchase.

As in other states, Michigan sales and federal luxury taxes are collected by the merchants who, as one says, "are not the forgotten men but the whipping posts for government." This duty demands not only watchfulness but careful bookkeeping and specialized knowledge. Michigan cigarette wholesalers established a precedent by getting a bill passed allowing them one per cent deduction for their work as tax collectors. Other collectors are unpaid.

A hearing aid, for instance, is not taxed, but if its receiver is disguised as a brooch for a woman or a tie pin for a man, it is a luxury. Luxuries are taxed. Shaving soap is not taxed but powder or lotion for a finishing touch is. A gift of money is tax exempt but a tip, also a gratuity, is taxed.

To meet such quirks, a jewelry store, for instance, records its sales in three columns, tax exempt, ten per cent tax, and 20 per cent tax for the federal inspectors. The mer-

chant makes a monthly luxury tax return and a periodical income tax return to the federal Government, a monthly sales tax return to the state and, in many places, another to the city.

And all governments are strict with their unpaid collectors.

Having rounded up the revenue and sorted it—frequently it was collected by at least six different units—the governments start spending. This is often even more chaotic than the collection and the citizens mostly have given up trying to figure who pays for what.

The Michigan cigarette tax, for instance, was proposed to provide soldier pensions. Before it was even adopted in 1947, the legislature diverted it to the general fund and floated a bond issue.

With levies which the state collects and returns to local jurisdictions or which the federal Government collects to return to the state, the jungle frequently seems impenetrable.

In the fields of schools, unemployment insurance and highway building, taxes gallop merrily from taxpayer, to state, to federal treasury and back again, with considerable shrinkage along the way. Michigan sends pension collections to Washington where they are put in a special fund against which the state may draw to meet its own payments. Michigan money goes to Washington to become road funds in which Michigan may share if it will match federal grants with state expenditures. Last year the state itself did not meet the federal allotment so cities and counties were able to use federal funds to match their own road-building expenditures.

If they were less wasteful, some of the county-to-state-to-federal-back-to-the-state transfers would be amusing.

Each year Washington gives Michigan about \$1,000,000 for wild animal welfare, officially known as conservation. The money is allotted to purchase submarginal land, forest reserves and such purposes.

Michigan has much big game and its \$5,000,000 a year from hunting and fishing licenses also is used to make life comfortable for fishes, birds and beasts until the hunting season opens. As a state conservation official says, "Michigan does not need the federal money but, if we don't take it, another state will."

Spreading the state sales taxes, on the other hand, is fairly clear because, as John B. Martin, Jr., Michigan auditor general, points out, "State and local officials are

sensitive to their constituents' reaction to taxes. The federal Government is aloof and distant. It makes a paternal gesture by distributing largess to states and individuals and capitalizes on emergencies, real or fancied, to grab more millions."

Local units in Michigan collect the property tax on real estate. The state collects the tax on intangibles or personal property and returns it to the counties which divide it among cities, villages and townships.

Obviously tax collecting and tax spending are cumbersome, confused and wasteful. Michigan citizens agree that the federal Government gets an extravagant share of their taxes but are less sympathetic to complaints that the state is returning too much of its taxes to their neighborhood local governments.

This opinion of federal taxes is not exclusive to Michigan. Twenty-five states out of a needed two thirds (32 states) have directed Congress to submit a constitutional amendment to the people putting a 25 per cent ceiling on federal income and inheritance taxes. This would relieve higher-income brackets and compel the federal Government either to reduce its spending or to increase its burden on other tax sources.

Michigan, with Nebraska, Iowa, New Mexico, Maine, and New Hampshire has another call for a constitutional convention. This proposal for times of peace is:

1. One fifth of all federal income tax receipts to be used to pay the national debt.
2. One fourth of all receipts and all individual taxes more than 50 per cent and corporate more than 38 per cent to go to a special fund.
3. An individual tax exemption of at least \$600.
4. The states to share 3/25ths of the special fund equally and 22/25ths on a population basis.

The federal Government would retain less than 45 per cent of its income tax collections for its own operating expenses.

Segregating tax sources to eliminate the duplication and waste in collecting and spending must be the first step toward easing the tax load that is smothering the country. More important is reversing the trend of recent years which has shifted so much responsibility to the federal Government. Taxes will not be smaller until responsibility for revenues and for administration are returned to the people and to the smaller government units.

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No Migrant Problem Here

(Continued from page 41)

and respect them. Volunteers run the nursery at the Illinois Canning Company camp, the arts and crafts classes for older boys and girls and the movies, as well as the hygiene and English classes. The men have helped out with the ball teams. Lou Ratzesberger, president of Illinois Canning, has conducted Sunday services in the camp and his daughter, Marise, helps with the girls' craft classes.

The motive began to pay off. The migrants are a gay, warm, affectionate and proud people; they promptly endeared themselves to everyone who got to know them. One reason is that they like to pay their own way. When their children's heads are inspected they pay a nickel each for the service. They pay admission to camp movies and nominal prices for the used clothing that the volunteers collect and display at Saturday afternoon "Thrift Sales."

As more townspeople came to know the migrants, the real clincher in the council campaign—word-of-mouth advertising—began to take effect. Women told neighbors about the migrants over supermarket baskets and their husbands over dinner tables. The husbands swapped stories at the mid-afternoon coffee sessions.

"My wife tells me these people keep a lot cleaner than some of our own—and it's harder for 'em, too, because they don't have any of the conveniences," said one.

Cragg, a charter member of the group, heard this sort of talk and kept it going. He had the job of siphoning contributions for the council program out of the businessmen and he did it by selling the donor-to-be on the migrants. He was helped by a slogan tossed off one night by Helen Meserve: "Learn 50 words of Spanish and increase your business 150 per cent."

"I don't think the businessmen actually learned much Spanish," he said recently, "but what that idea did was to change their whole attitude toward the Latin Americans. Instead of looking on them as a necessary evil they began to see them as customers and—you know—the customer is always right." George Cohen, owner of a clothing store, caught on fast; he hired a Latin American girl to wait on migrant customers.

The new attitude paid off. W. C.

Calvin, manager of the A & P Supermarket, says migrant business pushes his sales above sister stores that usually beat him—and does it in the summer when grocery business ordinarily slumps.

There are no accurate figures on just how much the migrants do spend in town, but an average weekly payroll amounts to about \$25,000—and the canning companies estimate they spend about 75 per cent of it in Hoopeston.

All this money doesn't go to the food and clothing stores, either.

"You should see the things they take back to Texas with them," Cragg said.

THE keynote of the campaign to get Hoopeston to accept the migrants was—move slowly and don't put pressure on anybody. And while the long process of education was going on, they had to prevent any major outbreak of prejudice. Mike Fish of Stokely and Leland Bergstrom, personnel manager at Illinois, were the leaders in this phase.

One day a teen-age migrant youth with very light skin came up to Fish with a grin. "I went to the movies last night, Mike," he said, "and instead of going to the balcony I sneaked in downstairs. Got away with it, too."

Fish's eyes narrowed. "If I'd been there you wouldn't have," he said flatly.

The youth's grin faded. "Hell, Mike, I thought you were our friend."

"I am your friend—and that's why. I'm not interested in one or two of you guys getting away with sitting downstairs. I'm shooting for the day when any one of you people can go in and the most bigoted old maid in town can come in and sit next to you and think nothing of it. That takes time and a lot of people are working on it and I won't have any of you young punks jeopardizing it. From now on when you go to the movies, you sit in the balcony!"

Mike's theory proved out; today there is no segregation in the theater, yet nobody had protested to the manager and nobody can name the exact date when it ended. Segregation hasn't completely died out yet at the swimming pool and in Hoopeston's 30-acre McFerrin Park, but it's passing.

Leland Bergstrom is working on

that angle. Each year Illinois Canning throws a big employe picnic there and at first they didn't invite the migrants, but in May, 1950, it seemed time to try it. The foremen, all Latin Americans, were skeptical—thought there might be trouble, especially when the dancing started. Bergstrom explained:

"I don't think there will be. You see what we're trying to do is to get as many townspeople as possible to know you folks. We figure that if they know you they can't be prejudiced against you. And this seems like a good chance for large numbers of them to see you in the park."

THE picnic was held and there was no trouble. Only about half the migrant families came, but this year many more did. Bergstrom hopes that as a result of this it won't be long before the park will be open to them completely.

Probably the chief reason Fish and Bergstrom have succeeded in convincing the migrants that patience and self-restraint are a necessary part of living in a democracy is that they and other council members also have accorded them the privileges of democratic life. Mrs. Jones spoke for the whole council when she said:

"I have no glorified ideas about the migrants. My interest is to help prove to them that our general principles work—that they're what makes America."

Foremost among these is the self-respect a man gets when he knows that other people respect him. Bergstrom and Fish have shown their respect in different ways. Fish has been tough.

But there isn't a day that he isn't in the camp talking to the people, advising and helping them. If they get sick, he takes them to the doctor. Once, when he found a girl neglecting her baby, he blistered her ears, took the baby away, mixed its formula and fed it himself.

But most migrants know he's their champion because they've seen the results of his battles to improve living conditions. The Rev. Ellis Marshburn, Midwest regional director for the division of home missions, says the Stokely camp is one of the finest in the country. The sanitation is excellent, showers are available, with hot water night and day and there are adequate laundry facilities.

Some migrants still live in a big, quonset-shaped warehouse with wire-enclosed cubicles for each family, but cement flooring has re-

placed the original dirt. A move is under way to install movable plywood partitions. Fish has had built large mess halls where each family has a stove, pantry locker, compartment in an oversize refrigerator, dining table and benches, all paid for by the Stokely Company.

Still he isn't satisfied. "What is adequate housing?" he asks. "Hell, I want the Stevens Hotel for my people. But you have to move slowly."

The home missions staff—this year headed by David Sheldon, a young Chicago theological student, and comprising also two girls, Grace Adolphsen and Jolee Fritz—has taken the lead in teaching the migrants the self-government side of democracy. Especially good progress has been made with the youngsters.

Recently Sheldon had to leave his group of a dozen ten-year-old boys alone in the basement of the Christian Church. Before he left he put the duly elected "presidente" and the "policeman" in charge.

He walked in an hour and a half later to find the room immaculate and most of the boys sitting quietly in a semicircle of chairs facing front.

Over on one side four chairs were placed with their backs to the rest; this was the jail and in it were four small convicts.

The "presidente" explained soberly that these boys had been bad—and had papers to prove it. On an old envelope he had written, "too bad," and underneath the names—"Alberto, Pedro, etc."

The self-respect that this sort of thing has built is visible in many ways.

One of them is in the eagerness with which coveys of small Latin American boys scurry around town earning a few nickels by shining shoes.

Frank Mills, publisher of the *Hoopeston Chronicle-Herald*, in his daily column duly records incidents which help build the town's respect for the migrants. When a little migrant girl has a birthday party it appears in the personals column and last year when two Latin American couples were married in St. Anthony's Church, the story, with pictures, had the lead position on the society page.

The climax of the council's campaign for the migrants came last year at a meeting in the high school. A federal law had been passed prohibiting the employment of children during the school year and the Hoopeston Board of



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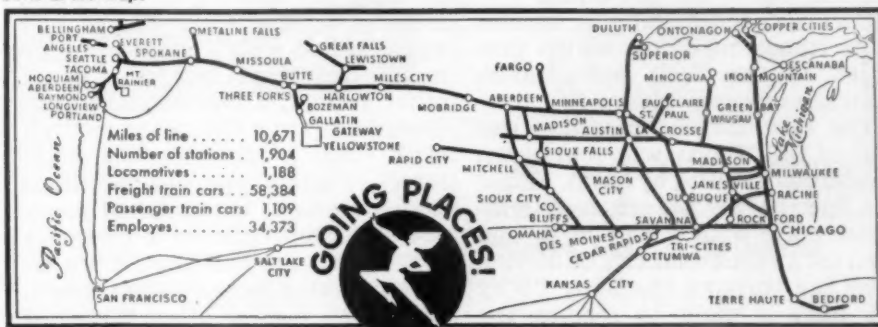
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Education had made plans to start the migrant children in school on Monday, May 1. (The families arrive in late April.)

The Saturday night before, a spokesman for a group of parents on the west side of town called Superintendent of Schools Jared Lyon to say that plenty of people were mad over the idea and wanted a hearing. The Board scheduled a meeting for Sunday afternoon and Lyon spent the morning phoning council members, doctors, lawyers, preachers and cannery officials, telling them what was up. About 150 persons attended and all the gripes that had ever been voiced against the migrants were aired again. But the Board was ready for them.

One man got up and said he'd heard 90 per cent of the migrants were syphilitic. Dr. Fleisser arose, said he'd been examining migrants for three years and there was no more venereal disease among them than among Hoopeston natives.

"It was important to have the experts there," Lyon said later. "If I'd given that man the same an-

swer he wouldn't have believed me. But when the doctor said it, he did."

That's the way it went. "We answered all their questions fully," Lyon said, "and they exhausted themselves against our answers." Finally one mother said she thought the children didn't want the migrants in school.

Miss Imo Cheney, principal of Lincoln School, answered her: The children, she said, were enthusiastically looking forward to the newcomers. "Here," she added, "is an invaluable chance to teach our children the intercultural friendship that otherwise we could only talk about."

When she sat down Buzz Davis, who also lives on the west side, stood up. "I've known Miss Cheney for 20 years," he said. "If having these children in our schools is good enough for her, it's good enough for me."

That ended the opposition. The next day some 50 migrant children entered school and promptly hung up a record that amazed their teachers and made most of

the natives of Hoopeston proud.

The majority of Hoopestonites not only accept the migrants now, they're proud to have them and know that the Latin Americans enrich their town's life, both financially and culturally.

Hoopeston kids are beginning to learn Spanish on the playgrounds; as they discover the language and customs of another culture, the narrow bounds of their provincialism shatter and they begin to understand that the world is a broad place and people are much the same everywhere. The Latin American children are benefiting, too. Formerly, said Helen Meserve, they were under such social and financial pressure that all their thoughts and efforts were concentrated on taking care of Number One. But one day a little girl, Francesca, got hurt. The next day, when they were riding in a jeep to the park, one of the girls said, "Let's all pray for Francesca."

"For the first time," said Miss Meserve, "the pressure was off enough so that they were able to think of someone else."

Magicians in Glass

(Continued from page 32)

Today, Corning is studying four special, already proved products, any one of which may be the basis for a new industry. One of these is Vycov, the toughest glass ever made. It will not shatter under extreme temperatures. In laboratory tests, scientists poured molten iron into a Vycov bowl partly imbedded in a big cake of ice. The forces of heat and cold fought back and forth until the vessel between them danced, but it did not crack.

Corning's most dramatic success is its ribbon machine, which produces electric light bulbs faster than the eye can follow.

The idea for the machine was that of Bill Woods, who had blown thousands of bulbs by hand. Across two boards he placed a narrow metal plate with a hole in it, and then let a small quantity of molten glass sag through the hole. "Why not have a mold to receive the glass," he said, "and an automatic puff of air to shape it?"

He and David Gray, a Corning engineer, worked it out. Now a ribbon of liquid glass flows from the furnace onto a revolving, perforated metal belt. As a gob of glass sags through each hole, the halves of an iron mold enclose it and a quick air-jet blows it into

shape at a rate of 1,000 bulbs a minute.

In 1916, Bill Woods and his three shop helpers averaged 635 hand-blown bulbs in four hours. Today, Corning turns out up to 1,000,000 a day. Thirty-five years ago a 60-watt bulb cost \$1; today it sells for 16 cents.

In the factory which turns out Corning's miracles, black-aproned specialists work swiftly on platforms around fiery furnaces, supervising the making of ovenware, nursing bottles, glass blocks and signal lenses which come off automatic revolving presses. Every other second, a gob of yellow-hot glass drops from the raised melting tank and a pounding plunger forces it into shape; an ingenious iron fist grasps the finished product and drops it onto a conveyor belt. Down the belt scuttle transparent baking pans, saucers, bowls, pie plates, jars or other pieces of glassware, depending on which mold has been fitted to the dragon-like machine.

Corning follows glassmakers' tradition of secrecy in several of its developments. One is the method for the mass production of optical glass used in spectacles, microscopes, cameras, periscopes, etc. With these magic rounds of

glass, the eyes of science, man can see worlds his unaided eyes never were designed to penetrate. Previously, only the core of a 500 to 1,000-pound batch of optical glass was fit for use. Now Corning is able to use practically all of it and sends it to lens factories in the form of pressed-out disks which require a minimum of grinding.

Employer and employee get along so well at Corning that the firm has not had a strike in 62 years. Ask any blower to account for the unusual harmony and he says, "'Am' Houghton." The 52-year-old, vigorous great-grandson of the founder, chairman of the board Amory Houghton believes in family industries managed by people who have grown up in the community and have a sense of responsibility towards their employes and neighbors. He began as apprentice to Bill Woods.

Other Corning officers had the same kind of up-from-the-bottom career. Department heads select 15 each month for special training as foremen. Nine of 15 plant managers are local boys who made good.

One third of the 8,000 employes in the Corning plant have been with the company ten years or longer. Many have been on the payroll half a century. Close personal contact between management and workers is maintained by

means of monthly policy meetings, in which the officials give out important information about company operations and problems.

The president of Corning's Steuben Glass division, Arthur Houghton, a student of world culture and a humanist, recently arranged a unique three-day conference sponsored by Corning in cooperation with the American Council of Learned Societies. Some 200 leaders in government, management, labor, the professions and scholarship discussed modern industrial civilization and its effects on the individual, and tried to decide what can be done to provide a richer, fuller life for industrial workers. The results will be published later.

Corning has erected on a seven-acre site a Glass Center, dedicated to the history, art, and science of glass-making. Its two-story, glowing walls of glass house a treasury of the entire record of man's knowledge and experience with glass. The Center was conceived by Arthur Houghton, who has assembled examples of every basic technique, skill and formula used in the craft since the first glass drinking vessels were made thousands of years ago in the valley of the Euphrates.

In the Center's lobby the visitors stand between the original cast of the 20-ton Palomar reflector and a fragile Egyptian glass vessel. In an exhibition hall glass-workers' children can push buttons and watch fascinating demonstrations. A coil of glass tubing is set springing up and down and shows no fatigue despite continuous flexing. A pane of glass is shot with a blowtorch on one side and a jet of ice water on the other; it steams and hisses but does not crack. The children read a printed card through a glass bar 11 feet long.

The most popular place in the Center is the spectators' gallery overlooking the furnaces in the Steuben factory. Here two teams of workmen dip blow-irons into the furnace, puff red molten gobs into flawless, honey-colored bubbles, skilfully twirl them on the ends of blowpipes and deftly fashion them into pitchers and other objects of exquisite design.

Although the introductory chapters of the story of glass were written in early Phoenician times, the book has only begun. Compared to the 3,000 previous years, the period since Corning men started using glass as an engineering material is as six days in the life of a 50-year-old man. What will this infant prodigy do next?

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The Wrappings Make the Gift

By EDITH M. STERN

YOUR WIFE would no more think of giving a Christmas present that hadn't been especially wrapped than you would think of going to a business meeting in your underwear. Maybe she isn't consciously aware of slogans like "The wrappings glorify the gift," or "It's not a gift until it's wrapped." Maybe she hasn't read such you-can't-win statements as "An inexpensive gift, beautifully wrapped, gains in stature. . . . A costly gift demands a gorgeous setting in its own right." But the fact remains that the same unwritten law which makes her conform with what "they" are wearing holds as firmly that her gifts must be decorated.

During the past two or three

decades, the gift wrappings which go into the trash even before the first toy is broken or the family sits down to Christmas dinner have become as established a part of the holiday celebration as plum puddings and trees. They have also been multiplied, complicated and elaborated into a fabulous business.

Ben Mont Papers, Inc., for example, only one of a number of competing manufacturers, does a \$5,000,000 a year business in gift wrapping paper, 65 per cent of it for Christmas use. A single variety chain gives Ben Mont an annual \$1,000,000 order—and it buys from other paper manufacturers, too, to say nothing of ribbon, tape, and

seal and tag makers. Dennison Manufacturing Company, which among a wide variety of other products deals in the whole gift-wrapping field, calls it "practically a business in itself." It accounts for "a healthy portion" of one six months' \$12,526,000 volume.

Ask the lady of the house what her gift wrappings cost this year and chances are she won't know. "Women practically never buy their wrappings all at once," says Babette Liveright of the Liveright Bookshop in Radio City, New York. "They'll come in here on several different days and pick up a little at a time—probably so they won't let themselves know how much they're spending on a throwaway."

Charles O'Connor, manager of Dennison's New York retail store, comments similarly on the purchasing habits of what he says is a 98 per cent feminine trade. "We've tried packaged gift wrappings ensembles," he told me. "It would be the sensible way to buy, and come out without leftovers. But women don't want them. They balk at \$3.50 for an assortment of wrappings. Then they'll pick up something for ten cents here and 25 there and spend \$4.50 without noticing it."

Dennison's average, middle-class retail customer, who makes up the bulk of its trade, puts about \$5 or \$6 each year into Christmas wrappings. But some customers buy hundreds of dollars worth; \$100 orders are fairly common and one wealthy woman annually spends more than \$1,000 for carefully ensembled papers, ribbons, seals, tags, cards and the plus of "tie-ons" like tree ornaments, metallic angels, or snowmen.

Even in the variety chain stores where the great mass of wrappings is sold, individuals' purchases of last year's three sheets for a dime, this year's three for 15 cents, plus ribbons plus seals plus marking tags and cards wouldn't bring much change from \$5.

The 300-odd new designs of gift wrapping paper put out annually by Chicago Printed String Company, largest manufacturer of gift wrappings exclusively; the more than 500 gift wrapping items of various kinds produced by Dennison's in 1951, are a far cry from the three decorative seals—holly, poinsettia and Santa Claus—with which Dennison pioneered in the decorative wrappings field in 1901. Even by then, the firm had had a history of pioneering. In 1844 Aaron Dennison, a New England watchmaker and jeweler, made the first strong, practicable shipping

tags; in 1865, the first gummed label. Crepe paper, imported as a novelty in 1890, by 1892 was being manufactured by Dennison.

It is not surprising, therefore, that although 1902 and 1903 sales of Christmas seals were nothing exceptional, the firm persisted along its novel line of dressing up Christmas gifts. By 1905 it listed, in a special Christmas catalog, ten items like enclosure cards and "Do not open" labels.

Although an occasional inspired gift-giver went in for colored crepe or tissue paper wrappings, white tissue paper was in general use until about 1930, with seals used to gild what wasn't much of a lily. In 1929 Dennison's Boston store sold out \$15,000 worth of something new for packages, imported printed paper.

Despite the fact that Dennison's retail stores exist mainly to test the market, the company's directors were not sufficiently sold by the sell-out to add to the impressive list of the firm's "firsts" in paper products. They vetoed manufacture of design-stamped paper because, they feared, it would kill the sales of decorative seals.

The imported paper which had gone so well, legend has it, was some Japanese envelope lining with which a manufacturer had been stuck.

People in the trade are rather vague about the date when Christmas paper stamped with designs first was made in America, but it seems to have been about a generation ago with Norcross Company, a greeting card firm, the pioneer manufacturer. The papers were block-printed in accordance with the limited techniques of the time and their design was mediocre by today's artistic and high-style standards, but it did not take long for them to catch on with the public.

Since then the feminine predilection to prettify, adorn and embellish has been aided and abetted by subtle promotion campaigns. In the gift wrappings business, advertising appeal is positive. Dennison publishes "How to Gift Wrap" which, at 25 cents, its cost to the company, has sold more than 100,000 copies. Chicago Printed String maintains a staff of lecturers who will go to women's clubs at the drop of an invitation, and using the company's "Tie-Tie" products, demonstrate how "your gift packages can look like this." Even a partial list of the kinds of ribbon finishings-off the ladies can learn to produce is dizzying: it includes inverted formal bow, spiral bow,



IF A community could only make like a youngster and call on Santa for some of the things it would like to have, think of what it could mean. Funds for a new school, for instance, or for a hospital addition where tearing off the Christmas wrappings would be the only chore required. Or perhaps a traffic bottleneck transformed into a safe, smooth-flowing thoroughfare overnight.

But Santa doesn't operate that way for grown-ups. Civic improvements don't come in packages marked "Do Not Open Till Christmas," nor do they spring up overnight.

A community becomes an increasingly better place to live and work because people want it so and are willing to spend their time and money to make it possible.

But people alone don't make a better community. People working together do. That's where your chamber of commerce comes in. It's the rallying point for those who want a hand in shaping their community's tomorrow.

How about you? Are you ready to pitch in? If so, your chamber of commerce executives will tell you about membership.

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flat bow, butterfly, wheel and pom-pom with variations.

Elaborately wrapped packages, piled beneath Christmas trees in colored photographs used in advertisements; or featured as a part of merchandise displays, carry the suggestion of go-and-do-likewise. There is even a \$2, handsomely illustrated book on "The Art of Gift Wrapping."

A sidelight on the way the importance of wrappings has taken hold of gift-givers is in the instance of a kindhearted lady who, among all the presents she gave one Christmas, took the most pains to gift wrap one for a blind woman. And the recipient was equally sensitive. "Of all my presents, this one gave me the most pleasure," she said. "Because everyone talked about how beautiful it had looked."

Although the entire distaff side of the nation is gift wrappings conscious today, with several kinds of printing processes available, lines of paper are as definitely priced and styled for a particular kind of trade as are lines of ready-to-wear clothing.

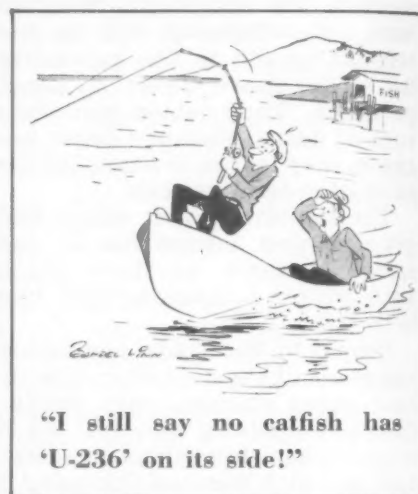
The inexpensive products are made by a rotogravure process for the variety chain stores. Red holds its own as mass buyers' preferred color, though metallic rolls at 29 and 39 cents also are good sellers. This year Ben Mont is venturing into new color combinations such as pink poinsettias on silver, and black and bright colored stripes. As with clothing, the mass market follows the trend of the class market and throughout the nation sophistication is on the march. Also, according to Joseph T. Jaret, Ben Mont's sales promotion manager, variety store customers show an increasing interest in style above price.

Gift shops and department stores, which avoid duplicating what might be available at the quondam dime store, buy their paper from manufacturers like Chicago Printed String, Norcross, Dennison and Hall, whose papers retail anywhere from two sheets for 15 cents to \$1 a sheet. Not only are these more costly wrappings of better quality paper than the mass market kind, but also they achieve more richness of color and shading through offset printing.

Chicago Printed String's minimum-priced blue parcels outlined on silver, golden candy canes on blue, stylized Christmas trees in gold squares, candle designs in two shades of green and copper, and copper, gray and white combinations, matched with seals and tags,

achieve as expensive a look as good costume jewelry. Some of this general class of papers, in the higher brackets, have montages of various materials. There is, for instance, Chicago Printed String's shiny black patterned with large glass dust snowflakes. Norcross has Santas with feather beards and angels with feather wings; cats with rhinestone eyes and "flocking" fur; sequin stars, and sleighs with real little bells.

One high style manufacturer is Eleanor Finch, whose papers are hand-printed by a silk screening process. With two slightly smaller than average sheets packaged with matching cards and harmonizing ribbon to retail for \$1, it is not so much top price as the sophisticated art of their design and color combinations that make these papers distinctive. Sold only in exclusive



shops are her bronze stylized angels on raspberry, shocking pink poodles on chartreuse, aqua candles with copper flames on suede-like black, "Season's Greetings" in cyclamen, (the "cerise" of yesteryear), green and mustard, perfectly sized and spaced jade green polka dots on silver and impish red skaters on yellow.

Class within class, there is an amazing similarity of taste in Christmas gift wrapping paper throughout the country, and New York is America. The same Eleanor Finch numbers most in demand there are also most in demand in Los Angeles, Dallas, Honolulu, and Boston. Mass buying preferences are almost as undifferentiated. Making a personal check of buying habits in variety chain stores in 24 localities, Joseph Jaret found only two regional differences.

The first was that southerners don't like snow scenes. The second had to do with a lightweight paper

with an all-over holly or poinsettia design which had been a standby for years and is now, little by little, dying. Though it still sells in strictly rural sections of New England, the Midwest and South, in cities it is bought only by gray-heads.

Differences in men's and women's buying habits are, however, marked. In Rochester, N. Y., Jaret observed a man buying ten identical packages of gift wrapping paper and this, he says, is typical. Unlike women, men don't spend time trying to make their packages look diverse. Most women pick over all the makings of gift wrappings, carefully selecting here and rejecting there. To a man, whatever holds a package together may be no more than exactly that, but to a woman the selection of ribbons may involve serious deliberation. Burmil, whose Christmas sales account for one fourth of annual sales of all its ribbons, has no fewer than 50 different widths, styles and colors, all variety-store-slanted and ranging in price from a very narrow ribbon at seven yards for ten cents to a five-inch wide satin at 20 cents a yard.

The serious gift wrapper, even when the matter of "which paper?" has been satisfactorily settled, still has to choose from a bewildering array of ribbons, tinselly, with a different color, black and silver or gold, or red and green, on either side; ribbons silver-edged; ribbons with one side acetate film, clear or silver; ribbons imprinted with "Frosty the Snowman" or just plain ribbons. Some Burmil ribbons come in premade bows, all ready to be put on with adhesive; others, sold flat, with a flick of the finger flower into a collection of loops.

Tie-Tie Christmas ribbons developed out of Chicago Printed String's original product, wrapping tape imprinted with a store's name. Its crimped Ribbonette, made of cotton or rayon yarn in both flat and satin finishes, is especially created to perform well on gift-wrapped packages. For one thing it can be decoratively curled, and for another it does away with the problem of right-side-upness on a bow. Ribbonette doesn't have a wrong side; each is the same.

Some other agonies of bow-tying have been lessened by the Tymatic machine which, at the press of a button, will turn out nine, 17 and 18 loop bows in 30 seconds; to make them by hand would take six minutes. It is the brain child of a retired engineer, who, disgusted by having to wait in line in a depart-

ment store two hours in order to get a gift wrapped, went home and invented it. Tymatic is rented by Burmil to stores.

Gift wrapping in stores is a subsidiary little industry and functions in various ways. Free "gift wrap" is a service which involves taking off the price tag, omitting the sales slip, and packing in a solid box, usually specially decorated or covered at Christmas. Nobody knows whether free gift wrapping pays off in dollars and cents; everyone that it's something a store must do in order to meet competition.

"Charge" gift wrap, though begun before World War II, has had its biggest build-up during the past few years. More individualized and elaborate than a store's free gift wrap, charges for it run from as low as 35 cents to as high as \$5. Sometimes a store's charge gift wrapping service is called on to glamorize articles not purchased on the premises. Hutzler Brothers of Baltimore once had to wrap an automobile.

Outstanding among professional gift wrappers is Mary Lull who, daughter of a businessman and an artist, successfully capitalized on her heritage from both sides. Not only has she been a concessionaire of gift wrap services in stores, but also she has engaged in private practice. When she contracts to wrap for the kind of individual giving 100 or more Christmas presents, she designs exclusively for the client and makes each wrapping appropriate both to gift and recipient.

The highest fee she ever received for a single wrapping was \$50 for a boxed-together radio and television set, Christmas gift from an industrialist to his boy. For something like mink coats, \$15 and \$20 wrappings are all in the day's work. When Miss Lull wraps packages to be photographed for advertisements, the fee is several hundred dollars.

Men, who wouldn't dream of fussing with gift wrappings themselves, account for a substantial portion of proceeds from charge gift wrapping. According to professional gift wrappers they're pet customers, because they don't question price, nor do they make suggestions.

The Little Woman may be a chump for a lot of whipped up, costly, time-consuming fancy-business when it comes to gift wrappings. But Her Man, too, will tumble for an oh-inspiring outer covering for his tangible expressions of Merry Christmas.

records don't care



Big or little, one flame is like another to exposed records—it burns them! The only way you can preserve the records you'll need to . . . settle insurance claims in full . . . collect accounts . . . re-establish credit . . . and, resume business after a fire . . . is to act BEFORE THE FIRE.

Check TODAY to make sure you aren't jeopardized by . . . using an unlabeled safe (safes made before 1917 were not fire tested and labeled—are unreliable and obsolete) . . . using a safe labeled for minimum protection (you can't compromise with fire) . . . using a distant safe (too far from the places where records are used—leaving you wide open for a daytime fire).

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Start Selling—or Else!

(Continued from page 47)

wards and high executive posts are so bright for qualified salesmen that thousands of men trained for other professions have entered the field. I'm one of them. I began my career in engineering after learning the rudiments at the University of California. I subsequently worked over a drafting board ten hours a day. To augment my earnings I took a part-time job as a draughtsman for an organization later acquired by Remington Rand. The work eventually aroused in me the desire to sell. This prompted me to take a one-year course in business administration (with emphasis on marketing) at the California College of Commerce, following which I returned to my former employer with new job responsibilities leading up to a selling assignment.

The point of the story is this: I was a better salesman of business machines and office equipment because of my knowledge of engineering. It was easier to understand the construction and functions of the equipment I sold and as a consequence, I was in a better position to convince my prospects as to the functional "user benefits" of the devices. With machines becoming more complicated, specialized training is more imperative than ever for salesmen of heavy equipment. If salesmen can't be found ready made by manufacturers, they will have to spend time and money teaching both the mechanics and applications of their devices to salesmen in order successfully to market their products and related services.

One thing that always has puzzled me is the slipshod approach of many firms to the climax of their operation—filling orders and seeing that customers know how to use their products. Failure to carry through on this last, decisive step is baffling in view of the fact that these same companies have tremendous investments in facilities to maintain "work-stations" properly, that run from two to ten times the annual labor cost. It is estimated, for example, that in the steel industry something like \$60,000 is invested in such facilities for each employee.

Yet after such sizable invest-

ments are taken to insure the manufacture of a good end product, some companies proceed to send out salesmen who can't explain how an intricate device works because they don't understand its functional operating advantages—and cannot in turn effectively present the user benefits to the extent that satisfactory sales materialize.

It's no wonder, therefore, that some salesmen become discouraged and eventually call quits, increasing the distribution overhead. As every sales executive knows, a high turnover among unsuccessful salesmen is a costly affair. Some organizations spend as much as \$6,000 in training a salesman before his sales productivity moves above the break-even point.



What constitutes a good training program for salesmen? First of all, let me concede that personality and human relationships, which cannot be taught, exert a profound influence in selling. Many times orders go by favor and no amount of scientific experimentation will alter that facet of human nature. I wouldn't care to see it changed, either. None of us wants to reduce salesmanship from a creative art and a stimulating experience to a mere process of feeding out merchandise when coins are dropped into slots in a machine.

Second, I'm quick to admit that too much theory and classroom instruction are worthless unless academic knowledge is supplemented by hard, down-to-earth pounding of territory. A few years ago Rem-

ington Rand hired the outstanding graduates in business administration of some 20 leading universities. They were bright, personable young men and had no trouble mastering the principles and techniques of salesmanship we gave them in a six-month course. It was a different story, though, when they were sent out into the field. They disappeared, one by one, unable to earn salaries and commissions commensurate with their acknowledged ability. We made the mistake of making things too easy for them and keeping them under glass too long.

We now get apprentice salesmen out into the field as fast as possible, teaming them up with experienced men who can teach them one of the first principles of education—learning by doing. We call the apprentice an associate of the senior salesmen and we've worked out a compensation arrangement where-

by the junior member is a participant in the commission on every sale the team makes.

In that way we give young fellows the incentives that make salesmen go all out for their lines. Of equal importance, we give them constant supervision on the firing line. Supervision is the big problem in training salesmen.

More attributes than meet the eye—or the ear—go into the making of a successful salesman, as we recently proved. We had the salesmen in all our branches make recordings of actual demonstrations to potential customers, then played back each man's record so that he could hear his own sales talk. The average man who thought he was well equipped discovered in this fashion how he could improve his presentation, correct sloppy diction and choice of words and tighten up his spiel to make it shorter, sweeter, and more convincing.

We went a step further in one branch in engaging a psychologist to draw up a list of questions to determine the self-motivation factors that distinguish the top salesman. The questions were designed to show the range of a man's social interests in his community, his economic knowledge, his ability as a public speaker and whether he was an extrovert (preferred) or an introvert. The answers then were evaluated three ways by the branch manager, the psychologist and the man himself. As a result

of the findings, indicating weaknesses to be corrected, this branch today is one of our best.

The chief value of that experiment was proof that a salesman must change his tactics and, indeed, his entire attitude with fluctuating economic conditions. The man who stands still presently will be caught at the tail-end of the parade, gathering nothing more than the crumbs left by more alert, progressive competitors.

Everyone who is pushing 50, as I am, has gone through the gamut of the economic cycle. When I started out as a salesman in the middle '20's, I had the good fortune to run smack into a seller's market. Business was fine and hard, intelligent work invariably paid off. Then the depression came, sales slipped badly and many good men fell by the wayside. During the period of war scarcities, many salesmen in lines affected by priorities had tough sledding, but everyone who managed to hold on did very well for about three years after V-J Day, when money and demand combined to produce an unprecedented seller's market.

For a year or two before the Korean outbreak, young salesmen were encountering normal conditions for the first time. They were meeting resistance in a buyer's market—especially in household appliances, electrical equipment and automobiles—and many found their commissions fading to the vanishing point. Immediately after Korea there was a surge of fear, or forward, buying, but in the past few months conditions have shaken down again and it is necessary to create a demand for consumer goods even in the midst of an extensive period of military mobilization.

How is this demand created? Markets are *people*. A salesman therefore must study people—shifts and trends in population and income groups. He must have more fact-power to create sales-power. He must keep a check on his accounts so that he doesn't make too many or too few calls on a customer. He must be able to forecast each account's volume of business so that he can set his sights on a fair share of the business each account places in open competition.

That's only half the story. If the salesman is selling heavy equipment or services tailored to a customer's specifications, he must be prepared to suggest and sell preventive maintenance so that his machines conform with the manufacturer's standards and deliver

top efficiency to the customer. Calls checking on the performance of machines, installations and systems do not bring immediate commissions, but they do build up the good will that results in future sales.

The salesman's job is getting more difficult, if only for one factor that few people consider. The five-day work week, which now is pretty universal, has reduced his calls by as much as 16 per cent under the number he could make when the six-day week was common. And when he does get in to see an executive, he finds his prospect fighting to keep under control a mounting pile of paper work that makes it imperative for him to present his case without a wasted word or motion. He also must be ready to prove to the customer that each dollar taken out of the bank or reserve funds will be more productive in the long run. This is creative selling at its best and it is in this area that the most imaginative work is being done, but there is room for vast improvement on the retail level, particularly among the 3,500,000 small businessmen.

IT'S hard to say how much money manufacturers spend annually on visual selling aids for quicker perception and penetration in retail stores. The cost must run into tens of millions of dollars—and it is a constant source of aggravation that the materials are misused or neglected altogether. The indifference and ignorance of some small shopkeepers also is appalling. They know the price of an article, but seem to believe the customer should find out for himself its merits and functions. That attitude would undergo an abrupt change if the shopkeeper had dollar bills stacked on his shelves instead of merchandise and he could see overhead, depreciation and obsolescence eating away his good money. Then he would exhibit more enterprise in moving his inventory which is, of course, money in another medium.

This problem of selling all the goods American industrial genius can produce involves more than private profits and creature comforts. Full-scale employment is at stake, for each salesman creates, directly or indirectly, the business activity that supports 30 other people. The greatest prize, though, is the continued prosperity and the preservation of the self-enterprise system. The reverse of that system is the "—Or Else" of the proposition.

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Success

(Continued from page 44)

thought I'd finished buying my trousseau, but I just saw the dearest dress that would do for..." She blushed, as if acknowledging a kind of guilt in the new relationship that would separate her from him. "... for the morning after."

He took out his wallet, then put it back, remembering he had emptied it buying lunch for Haller's men. "I'll have to give you a check," he said. "It'll give you an excuse to go into the bank."

Hank Carter was cashier there, and would no doubt succeed his father as president.

"Poor Daddy, aren't you lucky you don't have any more daughters?" She came and stood behind his chair.

"I guess I could stand it if they were like you." He handed her the check. *If I go broke, at least she'll be in good hands, he thought. Hank's bound to be a success. "I wish I could do more than I have."*

"More? What more could anyone want?"

Success, he thought. *Isn't that what everyone wants?* The image of Haller came to his mind. There, you could tell by looking at him, was a man who had done well for himself and his children.

"You're marrying a pretty smart young fellow. I guess he'll take better care of you than I have."

"Don't you talk that way. I'll be satisfied if Hank does half as well."

What would she say if she knew, he wondered, watching her pass the window. He let her happiness, her beauty and the confidence of her youth enter into him, then sighed, remembering Hard who at this moment probably was impressing the men from New York in a way he could never do. I acted like a fool, he thought, being so stiff-necked with Fay. Wouldn't any man be a fool to turn down an offer like that? Well, there's still time...

He gripped the arms of his chair, had just started to push himself up when Ted Smith, his foreman, appeared.

"You going out?" Ted asked.

"No." He let himself back into the chair. "Come on in, Ted. Have a seat."

Ted remained in the doorway. "I don't want to bother you if you're busy. I just wanted to pay some on what you loaned me." He took a bill from his pocket. "I never had to borrow anything before, but we were in kind of a tight spot, having

the baby and everything. I could pay back five dollars a week, I guess."

"Any way you want to do it, Ted."

"I wish there was something we could do—"

Goodrow smiled. "You'll do as much for someone else some day. How's the baby?"

"He's fine, thanks. We were hoping, that is, my wife—if you wouldn't mind, we want you to be his godfather."

"That's mighty thoughtful of you, Ted. I'd be glad to." He cleared his throat and blew his nose and cursed himself for getting soft in his old age. "How are things going out in the shop?"

"All right, I guess. It sure is different from working over at Hard's. They treat you like a human being here."

Then, as if he feared to let Goodrow see too much, Smith turned his face away and crossed the hall to the shop.

Goodrow took out his estimate

"Some people seem to think that there is a great difference between Socialism and Communism. But Karl Marx used the two words as synonyms. The best definition of a Communist I have heard is that a Communist is a Socialist in a hurry."

—C. E. Wilson

for the Haller job. If he could pare it down some way and submit another bid. . . . But after a few minutes he shook his head. There was no way to reduce it without cheapening the product. What, he wondered, had Fay meant by the threat that this might be his last bid?

"What are you looking so solemn about?"

It was Margaret again, and his face lit up when he saw her. Yet he felt, as he glanced up at her, that a cloud of uncertainty passed over her eyes, as if she was afraid she had said the wrong thing.

"Trying to figure a way to best Fay Hard on a contract," he said. "You get your dress?"

She laid the check on the desk and he thought he saw her fingers tremble over it. "It wasn't what I wanted after all when I tried it on. It was foolish of me to—to—I'm going to send some more back." Her voice faltered a little, then recovered.

"I don't know what made me so

silly. Why, I couldn't use half of them before they went out of style." Her eyes grew a tone too eager, a shade too bright. "And I was talking to Hank—I happened to meet him on the street—and we decided it would be much nicer to have a three o'clock wedding. Then we won't have to feed people a whole meal, and—"

"Say, what are you trying to do—spoil my fun?"

She came around behind his chair and put her cheek against his. "I've been selfish and silly," she said. "But you've been silly, too. You could have told me. Even if you didn't want Mother to know, you could have told me. I'm not a child any more."

"I don't know what you're talking about."

"I overheard them at the bank, when I went to cash the check. They said you—that the factory was—that you were losing money."

Success. He could hear the word like an echo in the hallways of his brain.

"Then maybe they can explain how I've got an offer for the business," he said. There! It was decided now. He would have the kind of success Peters and Hendricks believed in. He would lose his independence and Ted Smith would find himself working for Fay Hard, but. . . .

"Then you mean everything's all right?" she said.

"Right as rain. Now you go along and get that dress."

"I don't want it anyway. What do you suppose you'd do if you sold it—the factory, I mean?"

"I'd keep busy, all right. Fay'd pay me a minimum of \$6,000 and I could work or not, as I chose."

"You mean Mr. Hard wants it?"

"That's right. Wants the name, too."

"Oh, no," she said with a suddenness that surprised him. "He isn't good enough. Nobody is." She could not explain, she scarcely understood herself how important was the image of her father—how her own sense of pride and worthiness depended on it. Yet she had no right to influence him against selling.

"You think I shouldn't sell?" He watched her struggle with the idea.

"I think you should do what will make you happy," she said. "It's time you thought about yourself a little."

Not long after Margaret had left, the whistle blew, and the rumble of the machines stopped, and Goodrow could see his men passing the window and hear their voices as they headed for home. After a

while Henry White, his superintendent, stopped at the door to say good night.

"Everything all right?" John asked.

"You never saw a cleaner shop." Henry hesitated. "You think we might have some new work coming in pretty soon?"

"Pretty soon. Yes, I hope so."

Henry hesitated again, as if there were something else he would like to say. "Well, I'll be going then."

John picked up the phone. "If there're any calls for me," he told the operator, "I'm going up to the house." He took up a battered felt hat and went out to his car.

Coming out of his garage, he threw back his shoulders and took a deep breath before going into the kitchen of his house.

"Hello, Mother," he said, patting her shoulder as he kissed her. "Been a hot day, hasn't it?"

Fred, standing, poked the last piece of pie into his mouth and swallowed half a glass of milk. "Got to get down to the field," he said. "You coming to the game, Pop?"

"Not tonight, I'm afraid."

Margaret, crisp and fresh in an organdy blouse, appeared in the doorway with Hank.

In the quick lift of eyebrows when she looked at him, her father knew it was the contract she had in mind.

"Let's give them a treat and stay at home for dinner, shall we?" she said to Hank.

"Well now, that's lovely," her mother replied. "We'll just set a table on the porch and have a picnic."

The phone rang and Margaret answered it.

"Wrong number," she said, dropping her hand on his shoulder as she returned.

"Any letter from Arthur?" John asked, hiding his disappointment.

Mrs. Goodrow said: "It's funny, we haven't had a letter in more than a week. And he's usually so good about writing."

"Nearly two years since he was home, isn't it?" he said, knowing well enough. "About time he got away to see his family, I should think."

"Now, John, you know he can't just slip away any time. Of course, we'd like to have him here, but isn't it wonderful he's made such a success?"

Success! Was she implying anything? He glanced up from under his brows—briefly, so as not to catch her eye, and then looked down again.

When dinner was over and he started to help carry the dishes away Margaret said, "You both sit here and let us do it."

He took off his glasses to rest his eyes.

Just as he sat down, a car pulled into the driveway. The bushes were in his way so that he could not see who was in it. Then the door slammed and someone was crossing the lawn—a young fellow with a complexion like Fred's, but with skin darkened by a sun hotter than that of New England. He couldn't tell who it was, not without his glasses.

By the time he had them on, the young man had reached the steps and Mary, rising from her chair, called "Arthur!" and ran to throw herself into her son's arms. John's heart began to tick like an old clock. Then Arthur had hold of his hand and was pumping it and grinning with some of the old boyish shyness he had used to show to his father.

"I've been putting off a conference they wanted me to come up to in New York so I could get here this week," he said.

Margaret ran out and threw herself into his arms. "You darling," she said, "to come home for my wedding."

"That, too," Arthur said.

"What else is there? We haven't got any other—" Goodrow looked guiltily at Mary. "I haven't forgotten anything I was supposed to remember, have I?"

She looked at him from her son's circling arm with a look that gathered him in. "No, nothing you were supposed to remember—this time," she said.

"Say, I almost forgot something. Come on out to the car, everybody," Arthur led them across the lawn, excited and buoyant.

"Like it?" Arthur said, with a wave at the car.

Goodrow walked slowly around it, looked at the dash, and sank into the driver's seat. "It's a beauty," he said. "Is it yours?"

"No," Arthur said. "It's yours." He spoke quickly, stumbling a little. "It isn't very much, after all you've done, but I wanted to—I thought—it's your birthday tomorrow, you know."

Goodrow didn't say anything. But Mary understood. She did the talking until he was able to say, "I guess you know how I feel, son. It means a lot to us to see you a success so young."

"Success? I don't know about that. I've been lucky. But I tried to do what I thought you would. It takes more than I've done to be a



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success. It's the kind of life you live—I mean, well, like you. That's why I'm glad. . . ."

His voice trailed off, but John Goodrow heard Haller's voice saying, "... glad they had him for a father," looked at Margaret and now, suddenly, he understood. Haller was right, not Hendricks, not Peters.

Now he knew that being what he had to be was what made them—well, love him. They would understand why he had to do what he would do. He would sell his equipment for enough to satisfy the bank. He would find a job somewhere. That would be his answer to Fay Hard. To do any differently would be to fail—to fail them.

His shoulders straightened; the sag came out of his coat.

He started toward the house.

"Where you going? Don't you

want to take Mother for a ride?" Arthur said.

"In a minute. I promised to call Fay Hard." He looked at Margaret. Her mouth twisted in a smile of understanding and her eyes grew warm with light.

He had only reached the steps when a second car drove up. Haller was at the wheel, Hendricks beside him, and Peters sprawled in the back.

Goodrow peered into the thickening twilight. Then he went and stood beside the car.

"Well, Mr. Goodrow, we've covered the ground pretty thoroughly," Haller said. "We talked it over at dinner and we want to offer you the contract—on a long-term basis."

"You—you mean Hard didn't underbid me?"

"As a matter of fact, he underbid

you so much we were suspicious. So we made a thorough investigation. Employee relations, quality of product, standing in the community—things like that."

"Well, that's fine," Goodrow said. He cleared his throat. His chin trembled a little. "I want you to meet my son here; just got in from South America. And my daughter."

"Of course," Haller said. "I want to meet them."

"You know, I've been thinking all afternoon about what you said. How many children do you have, Mr. Haller?"

"Me?" Haller said. He looked at Arthur and Margaret coming arm-in-arm toward their father across the lawn. Then he dropped his glance to the double-breasted suit, still neat after the rain and heat.

"I have no children, Mr. Goodrow," he said. "I never married."

Not as the Conqueror Comes

(Continued from page 38)

the basin, and the Riviera gets its share. At the end of their four months' tour, the sailors have tested the merits of French champagne, Italian cognac, Danish beer, Turkish "screwdriver" cocktails and Greek absinthe. With the remaining funds, they come home with French perfumes, Florentine handbags, Neapolitan gloves, Casablanca hassocks, Spanish mantillas, Swiss watches and music boxes from Germany.

In Italy, the fleet had a clear influence on the elections of 1948, making votes for DeGasperi by assuring Italy that the fleet had come to stay. The fleet was all over Italy then. Last year, however, it stayed strategically clear of Venice when Palmiro Togliatti, the Communist leader, came there to save the election of the city's Communist mayor. The fleet declined to be Togliatti's whipping boy, canceled its stop in Venice—and the Communist mayor was defeated.

In Greece and Turkey, nearest the Russian border, the fleet is especially welcome and the local papers play up its arrivals and departures. Turkey seems more interested in the sailor's fighting than spending ability, and in Istanbul buses and streetcars are free to all servicemen. The U. S. Navy in Greece had stood for hope and strength for that country in perilous times.

But the fleet's major role is at

sea—to be ready for any eventual-ity. In September, when I flew out to report on the fleet, Admiral Gardner was putting his warships through the final exercise of their tour before they were relieved by fresh ships from the States. From the French Riviera, I went aboard the USS *Salem*, his flagship and one of the world's largest cruisers. Out at sea, Admiral Gardner assembled his fleet, a score of destroyers, cruisers, carriers, submarine, supply ships and amphibious craft which had harbored since their last exercise along the French and Italian coasts, well dispersed against any surprise attack. (The Sixth Fleet, like all the Navy, remembers Pearl Harbor as the horrible example. "There's no way to *guarantee* against surprise," said an earnest intelligence officer. "But we'll never be lined up like sitting ducks again.")

These were type exercises, designed to test each ship's performance: flight operations for the carriers; submarine attacks and surface gunnery drills for the destroyers and cruisers; radar and sonar tracking exercises; antiaircraft firing for all ships against an air-towed sleeve target.

The ships and crews already had gone through months of preparation and the taciturn admiral declared that they were "sharp." His operations officer elaborated. "We've got them tuned to the peak," he said. "If we had them

any more taut and ready, we couldn't sustain it indefinitely, as we've got to. The men know how to work as a team, and what's just as important, the officers know how to work with other navies."

Before taking its Riviera break, the fleet had completed Operation Beehive, the most extensive combined operation in the Mediterranean since the North African landings. With elements of the British, French and Italian navies, the fleet carried out a grimly realistic battle drill that swept past the coast of Tunisia, Malta and Sardinia, including a massive shore bombardment on a barren stretch of Sardinia and a landing of the fleet's Marine battalion on Malta. The aircraft carriers *Oriskany* and *Coral Sea* flew 950 sorties in four days.

For the latest exercise Admiral Gardner stayed on his flag deck observing the maneuvers. As flagship of the fleet, the *Salem* provides a headquarters for the admiral and his staff, but takes its orders from the commander of the cruiser division aboard the USS *Worcester*. That morning, the *Salem's* gun crews warmed up with a target shoot at a plane-towed sleeve target. The planes, sent up from the *Oriskany*, weaved through the fleet formation giving the cruisers and destroyers a chance to blast away. As the sleeve came within our range, the *Salem's* radar-controlled twin-mounted five-inch guns tracked it across the clear sky and began pumping shells. A dozen black puffs bracketed the sleeve, then a shell hit it dead on. Another plane weaved past the destroyers

off our starboard bow, giving them a chance at its target.

In the afternoon, the *Coral Sea* left our close formation while the *Oriskany* moved in closer for fighter support. At night, the two carriers staged air battles while the fleet traveled under blackout. In the *Salem's* combat intelligence center, the brains and radar defenses of the ship were engrossed. Behind the segmented glass screen, two sailors with earphones were marking radar locations of the attacking carriers; beside them on another screen were the code names and locations of our sister ships; inside the darkened room, instruments buzzed, teletypes clattered and the thin light line on the radar screen swept round its circle, smudging whenever it crossed another vessel.

Above the hubbub of CIC, you heard a *Coral Sea* fighter getting through our defenses and roaring low over our deck. Later, we heard that the *Coral Sea's* pilots had stumbled on the *Oriskany's* radio channel and neatly fouled up their communications by chattering in pidgin French.

Next morning, I transferred by helicopter to the *Coral Sea*, spearhead of the Fast Carrier Task Force and flagship of Rear Adm. D. V. Gallery. A vocal advocate of carrier warfare, Gallery was one of the admirals who lashed out against scrapping the supercarrier several years ago.

Commander of the carrier division, Dan Gallery is a flying sailor—as are many of the high brass with the Sixth Fleet. Skipper of the baby flattop *Guadalcanal* in 1944, Gallery staged the first boarding and capture at sea of an enemy vessel since 1815—the German submarine U-505 off French West Africa. Still an active flyer, he holds an up-to-date "Green Card" as an instrument pilot, flew a jet in the last Cleveland air races and made his first appearance on the *Coral Sea* by landing his own Corsair on the carrier's flight deck.

The *Coral Sea* carries more than 100 combat planes and pilots and a crew of more than 3,000. The pilots set the tone for the ship. Lt. (jg) Eugene Murray, 25, of Montpelier, Vt., and Lt. Howard Hawley, 28, of Burlington, Vt., are two of the Banshee jet boys aboard. Hawley, a veteran of Pacific campaigns, declares he never saw a ship as heads up as the *Coral Sea* and never did so much flying as in the recent Operation Beehive maneuver. Says Murray: "We can make our weight felt in a minute, and yet we aren't committed until that minute."

From the flag deck, the sight of jets catapulting off the nose of the carrier seems incredible, but on the catwalk beside the flight deck it's an unearthly production for eyes and ears. Hero and goat of the flight deck is the catapult officer, Lt. (jg) "Cold Shot" Saatoff of Wilmington, Calif. Saatoff is a burly, fast-talking officer on whom the pilots depend for a powerful "hot shot" forward from the deck to be airborne. They taunt him as "Cold Shot" as an omen against a dunking. Saatoff, sweeping his arm down to signal the violent heave of the catapult, takes all this philosophically.

Another flight deck philosopher is Lt. Comdr. Ben K. Harrison, an Indian from Fairland, Okla. Harrison, as flight deck officer, presides over the deck crews in their colored shirts and the fireman in the white asbestos suit who waits like destiny when a "sick chicken" comes home, ready to step in if it crash lands and burns.

All day, the jets were catapulted and the propeller planes flew from the 900 foot flight deck. By evening chow, all were back from their missions except one—whose wing man reported him down somewhere off Marseilles. The admiral's jaw firmed up and he dispatched a message something like:

"Blowtorch, Mugwump, Nightmare, can you proceed to search and uppick downed pilot?" The admiral waited a moment without getting a reply. "If that's not clear," he told his signal officer, "tell them I want two destroyers and a cruiser to find that boy."

After a few hours the alerted Prefect Maritime at Toulon announced that the French freighter *Christine*, bound for Marseilles, had sighted the pilot and was fetching him aboard. "Keep after them for details," the admiral said grumpily. "We'll have to spend the rest of the night explaining why that character went down."

While the admiral's staff was seeking explanations for COM-SIXTHFLEET, Gallery went out on deck to watch the night operations—jets taking off, circling the carrier and making a series of deck-controlled approaches in blackout. From the flag deck you could watch the landing officers' luminous wands waving them off to circle and approach again.

Next morning I left the *Coral Sea* and went to the destroyer *Brownson* by highline. While I sat strapped in a bosun's chair, a sailor fired a thin nylon rope to the *Brownson*. Attached to it was a heavier cable which the crew



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pulled in to hook up the highline. At this point, I was eased overboard and tugged above the waves to the destroyer.

Destroyers are the front-line ships of the fleet, small, fast and maneuverable, and many Navy men consider them the best duty afloat. The tin cans are manned by fewer than 300 officers and crew, small enough so that everybody aboard knows everybody else. The *Brownson* was a favorite of the *Coral Sea*.

The spirited Admiral Gallery himself had a warm spot for the ship, which had outdone him only a few weeks before in Phaleron Bay, near Athens. The *Brownson*, several days out at sea, was short on fuel oil and nestled up to the *Coral Sea* to replenish her stock. During the refueling, the *Coral Sea's* band, a well trained outfit of 100 men, serenaded the smaller ship with a round of John Philip Sousa marches.

The *Brownson*, however, refused to be impressed. It trotted out its own unofficial band. The band let loose with the 12th Street Rag and the Darktown Strutters' Ball. After a few bars, the *Coral Sea's* crew lined her starboard rail to get an earful of this jazz. The *Brownson* also reversed Navy tradition of the strong serving the weak by sending over ice cream.

When the refueling was over, Admiral Gallery signaled: "Well done, *Brownson*." "Ever since then," said Lt. Comdr. Vincent Langan, the ship's executive officer, "we've been able to get whatever we wanted from the *Coral Sea*."

With Langan and the *Brownson's* skipper, Comdr. Conrad H. Carlson, I sat in the wardroom drinking coffee and listening to a hot discussion on how far science was pushing the fleet, brought on by the installation of some new radar gear.

"How scientific can we get?" one officer demanded. "Fact is, our gear is so complicated now we ought to have company experts aboard to keep it in repair. How far does science want us to go?" No one had a good answer for that.

But during the day, the *Brownson* crew gave a good demonstration of how far science has pushed it already. For all the beefing, the *Brownson* was handling gear that would have given Horatio Hornblower migraine headache.

During the day, the *Brownson* spotted planes on its radar net and the submarine *Quillback* by sonar, whose mission was to give the destroyer squadron a chase and

evade its best efforts to catch it. The *Quillback*, the fleet's submarine, was probably the most overworked craft afloat that afternoon. "He doesn't mind giving us a chance to work him over," said Comdr. Carlson, "as long as we let him surface now and then to recharge his batteries."

The *Quillback*, for all her evasive action, never escaped. I watched the destroyers form up, bracket the sub and let loose with simulated blasts of the hedgehog—a multiple-charge weapon—and mines the shape of small beer kegs. The destroyers signaled their fire by tossing a hand grenade overboard and the *Quillback* admitted hits by signaling with a water slug and green dye to mark its location.

When I left the following morning, the crew was busily discussing leave in Leghorn, Italy, where the ship would make its last anchorage before heading for the States.

The doctrine of a self-sustaining Navy emerged during World War II in the Pacific when the fleet kept outdistancing its shore bases. Pearl Harbor, halfway across the Pacific, had served as a base for a short time until the fleet moved rapidly westward. The Navy's first

"A man always has two reasons for doing anything—a good reason and the real reason."

—J. P. Morgan

concept was to build advance bases. In May, 1942, the base at Espiritu Santo had been hewed out of the jungle by the Seabees and made ready to supply Navy bombers and warships with ammunition and fuel, a substantial drydock and an ordnance depot. But the war kept rolling westward, leaving Espiritu Santo high and dry.

The next idea was a more portable base, which the Seabees carved out on the island of Majuro, creating a fighter strip on that coral atoll, with floating dry docks that could be moved forward. But when Majuro was outdistanced, the logistics experts worked up the idea of supplying the fleet with fuel and food at sea. As the fleet moved on with the ever-quickenening assault, the doctrine of total flexibility developed—making possible the unheard of miracle of a fleet fighting in place off Okinawa for 84 days until it was celebrated as "The Fleet That Came to Stay."

The Sixth Fleet is the heir ap-

parent of this logistics miracle, a miracle that is now written off as strictly routine. Today, the fleet is supplied without a nearby base, getting its fuel and food from oilers and supply ships while afloat.

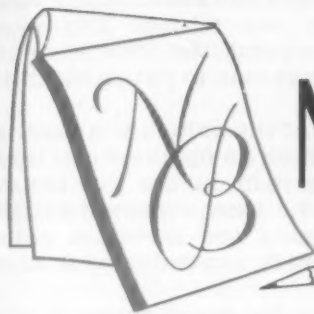
From the *Brownson*, I had moved to the USS *Caloosahatchie*, a tanker named for a U. S. river of Indian origin. While ship combat crews undergo arduous training at sea, they also get plenty of shore leave. Not so, the tanker men. Tankers range widely and rarely stay long in one place.

With 13 officers and a crew of 240, the *Caloosahatchie* is commanded by Capt. E. P. Finney, Jr., a short, tense Annapolis man who must explain to his men why they work hard, play less and enjoy little of the glamor associated with fighting ships. The *Caloosahatchie* doesn't rove the high seas with the fleet and its gunners are actually winch-operators and rig-handlers who have no time for target practice. When the fleet is on shore leave, the *Caloosahatchie* is off restocking on fuel—it carries 150,000 barrels of petroleum products. When the fleet is underway, it must meet the carriers, cruisers and destroyers at appointed rendezvous and replenish their supplies.

The tankers form the vital lifeline that keeps the fleet afloat. When I got aboard, a half dozen destroyers were waiting in line like cars at a one-pump gas station for their turn at the starboard rig, while the carrier *Oriskany* was feeding at the port side.

During these refueling operations, the skipper and crew of the tanker have the job of keeping their ship on precise course while the glamor boys of the fleet ride less than 60 yards away, the waves lashing the menacing prows and calamity always averted by the tanker's seamanship. I spent my last night with the fleet watching the *Caloosahatchie* and her sister ship, the USS *Neches*, swapping aviation gasoline (the *Caloosahatchie* was running short) for fuel oil, (the *Neches* had more than it needed).

That night, we crossed through the straits between Sardinia and Corsica and next morning we were in sight of Italy, moving slowly into the bay of Naples and Pozzuoli, where the *Caloosahatchie* was due to take on more fuel. Part of the crew might get into Naples, the skipper said, but most of them would be needed aboard. The next day, they were due to sail west again toward Gibraltar to meet the replacement ships from the States and fuel them up.



NOTEBOOK

The public takes an interest

ALTHOUGH few congressmen look like Henry Fonda or sing as well as Perry Como, they apparently have an audience appeal all their own. At least that is the opinion of Dr. Henry C. Link whose Psychological Corporation has just polled men and women from coast to coast on the question, "Do you think that the meetings of Congress should be put on television for at least one hour a day?"

To this 65 per cent answered "yes."

Although some congressmen doubt the practicality of such a setup, the challenge to the station announcer who handles the sign off is intriguing: "Will the House of Representatives pass the tax bill? Will Mr. Jessup win the appointment? Whom will Senator McCarthy accuse next? Don't miss tomorrow's thrilling episode in this great series, 'Government at Work.'"

Old folks aren't too old

A PHILOSOPHER once remarked, "Everybody wants to live a long time but nobody wants to get old."

In this country people are doing both. The Family Economics Bureau of the Northwestern National Life Insurance Company finds that the United States today has only five adult workers for every person 65 or more. In 1850, there were 11 such workers; in 1900, nine; in 1920, eight and in 1940, six.

Coupled with the growing tendency to set 65 years as a proper retirement age, this increasing proportion of oldsters raises some complicated problems that various organizations are attempting to solve.

One of them, mentioned by Jack Martindell, president of American Institute of Management, is the fact that the average age of company presidents is now 58 years—a rise of five years since 1930—and that potential replacements, tech-

nicians, engineers, and others, are growing away from management—organizing into professional groups or unions rather than seeking to rise to management positions.

Among the institutions giving attention to the age problem is the Teachers College of Columbia University, where Dr. Jacob Tuckman and Prof. Irving Lorge, have completed a research project on industry's retirement practices.

They conclude that business should consider changing the fixed retirement age. Having questioned both young and old in an effort to find out whether the generally accepted deficiencies of the old as workmen are fact or prejudice, they conclude that "older people—men and women 45 and up—don't necessarily make inferior employees."

More parking permitted

WHITTIER, CALIF., has turned to "pair-parking" as a possible way to speed downtown traffic flow. The American Public Works Association describes the scheme like this:

"Instead of having consecutive parallel parking spaces 22 feet long, cars park bumper to bumper in two adjacent 18 foot spaces. On either end of the pair parking spaces is an eight foot red zone where parking is prohibited. This doubles the maneuvering room previously available to the driver entering or leaving a space and shortens the delay in the flow of traffic while a car is trying to park."

Free trips reward workers

MANY companies are finding that a trip of 1,000 miles or so may often be the shortest way to rewards for deserving employees.

The employee simply takes the trip.

The idea is not new. Before the war some companies awarded expense-paid vacation trips to outstanding workers, and frequently included their wives in the invitation. But in those days the offer

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How OLD is Santa Claus?

This particular Santa—the one you see on the Christmas Seals—is a very healthy forty-five!

Yes, this is the 45th annual Christmas Seal Sale—a holiday custom that has helped save 5,000,000 lives. Yet, tuberculosis kills more people than all other infectious diseases combined.

So, please, send your contribution today.

BUY Christmas Seals!

Because of the importance of the above message, this space has been contributed by **Nation's Business**



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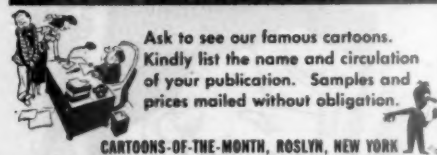


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ALL BUSINESS

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*the general magazine
for business men*

**MASS COVERAGE
OF BUSINESS MANAGEMENT**

was usually made to stimulate sales. Now companies are broadening the scope. Free trips have been offered for individual safety records, nonabsenteeism, good production and suggestions on how to improve operations. A trucking company which offered free trips to drivers with the best safety records so reduced its accident rate that it saved some \$70,000 in insurance premiums. A Chicago packing company sent 600 employees and their wives on an all-expense trip to Bermuda.

In all, some 900 companies throughout the country are giving—or considering giving—trips as awards or prizes and one air line already has retained a New York expert to give his entire time to developing the field.

Housing on the move

A LITTLE more than 20 years ago, an imaginative tourist hitched an ambulatory shed behind his automobile and set off down the highway. When night overtook him, he had a convenient place to sleep. If he had slept as soundly as Rip Van Winkle a real surprise would have greeted his awakening.

The trailer coach industry—of which his migratory bedroom was the first example—expects gross sales of \$234,000,000 this year—a jump of almost \$200,000,000 from 1945 and \$224,000,000 from 1939.

Moreover, today's trailer coach is not a tourist's plaything. More than 1,500,000 Americans live in them the year round, comfortable with modern kitchens, bathrooms, picture windows, Venetian blinds, wall to wall carpeting and modern furniture.

The industry estimates that only one per cent of the 65,000 trailers built this year will go to vacationists. The others, scattered in 7,500 trailer parks in all 48 states will go to defense workers, retired people and to military bases where they will provide housing for service men and their families.

A poll by the Trailer Coach Manufacturers Association shows that the average trailer family spends some \$3,000 a year in the community where it parks—an annual outlay, on a national basis, of about \$1,500,000,000.

Fire engines roll faster

ELECTRICITY is not a substitute for water in fighting fires, but Columbia, S. C., has found that it is a valuable accessory. A new wiring job in the fire house permits firemen to move their apparatus

out of the station, drive through daytime traffic and nine busy intersections and still reach a fire a mile away in one minute and nine seconds—about the time it takes the average man to put on his shirt and tie.

Heart of the system is a control board where an operator can turn on every light in the fire house, open all the doors, control the city's traffic lights and maintain radio contact with apparatus as it runs to a fire.

When a fire report comes in, the operator alerts the men through loud speakers. If it is night, he also turns on the lights so the firemen need not fumble in the dark. Then he opens the doors.

As the apparatus rolls, the radio man in the lead truck tells the operator what intersection they are approaching. A switch in the station house starts a siren at that corner and controls the traffic lights. As the last piece of apparatus clears the corner, its radio man signals "cut," and the station house returns traffic to normal.

Although the electric installation cost \$24,900, it could conceivably pay for itself in a few hours in case of a dangerous fire. Meanwhile, Columbia's fire loss is running below the national average and its insurance rate is one of the lowest in the South.

Radios for school buses

ANY search for the most patient human might suitably begin—and end—among the school bus drivers.

Now Oneida County, Wis., is trying a kind of portal-to-portal education which may lessen the wear and tear on these paragons.

Radios in the buses will carry special programs of recorded music, safety talks, conversation skits, school announcements, health features and teacher talks on study subjects.

The idea seems to have elements of occupational therapy—as well as education.

Explaining free enterprise

WHEN the astonished Watson inquired how Sherlock Holmes knew that a certain man was a retired sergeant of Marines, the detective remarked that it was "easier to know it than to explain how he knew it."

"You might," he said, "find it difficult to explain why two and two make four."

The average businessman faces the same dilemma when asked to describe the merits and operation

of the free enterprise system. To him it is as plain as two-and-two. It is not necessarily plain to a local high school class or to his own employees.

To meet the need for such explanations, the U. S. Chamber of Commerce is sponsoring a 16 mm., 20 minute color film, "The Magic Key," which briefly and convincingly traces America's growth from the underdeveloped, horse-and-buggy era to our present dynamic civilization. It shows how the free enterprise system, with the help of advertising, has given America the highest standard of living in history.

To order the film (rental \$10 a week) or to obtain further information, write to: Committee on Advertising, U. S. Chamber of Commerce, Washington 6, D. C.

Coast Guard Academy

AS ONE of its earliest acts, the first Congress assembled under the Constitution passed a bill authorizing construction of ten boats to stamp out smuggling. Commanded by men commissioned from the Continental Navy of the Revolution, these boats became the Revenue Marine, later to be known as the Revenue Cutter Service and continued today as the U. S. Coast Guard.

This highly specialized service still stamps out smuggling but to this historic duty has been added weather patrol, search and rescue, lifesaving, maintenance of navigation aids and enough others to require officers with a variety of technical, practical and professional training.

Providing such men is the job of the Coast Guard Academy at New London, Conn. The school is open to healthy young men between 17 and 22 who can qualify through a competitive examination.

The next examinations will be held in major cities Feb. 18-19, and applications are desired from young men who will have graduated from high school by June 30, 1952. Some 200 men will be selected. Full details may be obtained from school principals, or from the Commandant, U. S. Coast Guard, Washington 25, D. C. Applications must be in by Jan. 1.

A good executive

THUMB-NAIL description by Benjamin F. Fairless, president, United States Steel Corporation: "A good executive is a man who goes around with a worried look—on his assistant's face."



So frightened
and pathetic—
holding a
piece of
a doll

This is Elena. Her father was killed in an air-raid. Her mother, returning ill and broken from a prison camp in Germany, has not worked since 1945. With her own tired hands, and with old pieces of wood and tin, Elena's mother put together a pitiful shack. You can imagine how bitter cold it is in winter. Last year Elena, trying to warm herself at their brazier, went too close and fell in, painfully carbonizing her little left hand. Her mother writes: "She cried so very much that I promised myself that for the coming year my child would have warm clothes and a doll. Where can I find such things for my little one? How can I protect her and help her?"

The war still goes on for Elena and such children. Your help can mean love and security and finally rehabilitation. The Plan is dedicated to Peace in a world where our children will have to live with these children . . . we need your help to help them!

You alone, or as a member of a group, can help these children by becoming a Foster Parent. You will immediately be sent the case history and picture of "your" child upon receipt of application with initial payment. Your relationship with "your" child is on a most personal level . . . we do no mass relief. Each child, treated as an individual, receives food, clothing, shelter, education and medical care according to his or her needs.

"Your" child is told that you are his/her Foster Parent, and correspondence through our office is encouraged. At once the child is touched by love and thus a sense of belonging is created.

The Plan is a non-political, non-profit, non-sectarian, independent relief organization, helping children in Greece, France, Belgium, Italy, Holland and England and is registered under No. VFA019 with the Advisory Committee on Voluntary Foreign Aid of the Department of State.

Funds are needed desperately for plastic surgery, artificial limbs, artificial eyes, that the children who have suffered so cruelly may have the necessary aids to give them some comfort, hope and love. Your help is not only vital to a child struggling for life itself—but also toward world understanding and friendship. Your help can mean—and do—so much. Won't you share with one of them, please?

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55 W. 42nd Street, New York 18, N. Y.

Partial List of Sponsors and Foster Parents

Nancy Craig, Mary Pickford, Mrs. William Paley, Mr. and Mrs. Fredric March, Helen Hayes, Edward R. Murrow, Larry LeSueur, Ned Calmer, Joan Bennett.

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B. I cannot "adopt" a child, but I would like to help a child by contributing \$_____.

Name _____

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City _____ Zone _____ State _____ Date _____

Contributions are deductible from Income Tax

Direct Controls on Planned Economy



AN ARMY officer tells of an adventure in World War I when he was employed in a chemical plant to supervise the cooking of a highly explosive mixture. The work was safe so long as his cookery did not exceed a certain temperature. Eventually the plant gave him an assistant to whom he explained the work and then left for lunch with a final warning not to let the thermometer pass the danger point.

He returned to find the new man holding the thermometer under the cold water faucet. "It got up to the danger point," he said, "but I'm cooling it down as fast as I can."

Efforts to prevent inflation through price and wage control are based on somewhat that same kind of reasoning. High prices are merely the thermometer of inflation. The fire that brings it to a boil is buying power.

WHY this is so becomes more apparent if we regard the whole American market as what it actually is, a gigantic auction sale where today the supply of money in buyers' hands has increased faster than the supply of goods for sale. In such an auction, prices normally would rise as eager bidders competed for desirable goods.

Furthermore, some of the more spendthrift customers soon would empty their purses and go home, thus taking pressures off the prices on goods which remained to be sold.

When prices are held at artificially low levels in an effort to enable everybody to bid on every item offered, the confusion naturally is terrific. Priorities and allocations become necessary if any sort of order is to be maintained. The Government must hire additional workers to police the auction to inspect prices, handle priorities, and the wages of these workers are added to the buying power. Meanwhile the low prices at which they are forced to sell their wares drive marginal producers out of business or into a black market—thus reducing the amount of goods for sale.

For these—and other more complicated—reasons, price controls must often aggravate the very conditions they were adopted to correct. When they are imposed, as they always have been imposed in this country in conjunction with a defense effort, their results are magnified.

A man who builds a lawn mower or a refrigerator or a television set, and takes his wages into the mar-

ket place, can bid on an automobile while others are bidding for the goods he produced.

But the man who builds a tank becomes another civilian bidder without increasing the amount of goods that civilians may bid for.

If the Government issues bonds to the commercial banks to pay for the tank—called deficit spending—this increases the money that the Government has to spend without reducing what anybody else has to spend and nothing done directly—priorities, allocations, price and wage fixing, manpower controls—will add a single thing to the store of goods for which this money can be spent. Increasing production, even in normal times, is a slow process—while money can be increased merely by running a printing press faster.

So it is obvious that direct controls will not protect us from the pressures, distortions and inequities of inflation simply because they neither increase the amount of available goods nor take away a single dollar of what we have to spend.

THIS doesn't mean that inflation is inevitable. It can be stopped if we are willing to accept the high taxes and credit controls that are the only answer.

Neither of these will add things for people to buy. But they do reduce what we have to spend.

Indirect measures properly applied give us a two-pronged attack against a dangerous increase in the money supply:

First, they drain off excess spending power through higher taxes. If, at the same time, we can eliminate less essential government spending and bring the budget as near balance as possible we can reduce the pressures that come from "deficit dollars."

Second, they will curb private credit expansion, which is actually private "deficit financing."

THE prospect of such a course is not pleasant but we face a choice of hardships. For wage and price controls we pay not only the high costs of enforcement, we pay in confusion, loss of self-sufficiency and self-reliance.

Indirect measures will reduce inflationary pressures, increase production and pave the way to a return to a free market economy with a minimum of restrictions.

Indirect measures have a further advantage: They are direct controls on those who would make a career out of a planned economy in the United States.



"What if your business lost its 'memory'?"



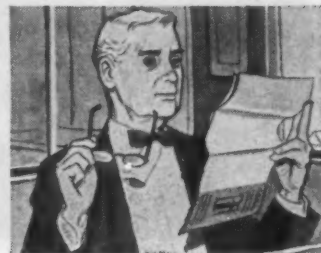
1. "SEE THESE ASHES? They're my accounts receivable, my tax records, my inventory and payroll records—the 'memory' of my firm. I can't operate a business that has lost its 'memory.'"



2. "I THOUGHT this fireproof building was a guarantee of protection. I didn't know buildings like this only wall-in and intensify a blaze that starts inside an office."



3. "AND THIS heavy-walled, old unlabeled safe fooled me, too. Such safes act as incinerators once the temperature gets above 350°F... only $\frac{1}{4}$ as hot as a match flame. They cremate records."



4. "SURE I HAD fire insurance! But in order to collect fully I've got to prepare a proof-of-loss statement. Could you do it if your records were destroyed?"

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Remember this fact: 43 out of 100 businesses that lose their records by fire never reopen.

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NATION'S BUSINESS for December, 1951

Nation's Business is published monthly at 1615 H St. N.W., Washington 6, D. C. Subscription price \$18 for three years. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C.



You can't retail goods in the ruins

A BAD FIRE, windstorm or explosion always costs more than the actual damage to a storekeeper's building, stock, and fixtures.

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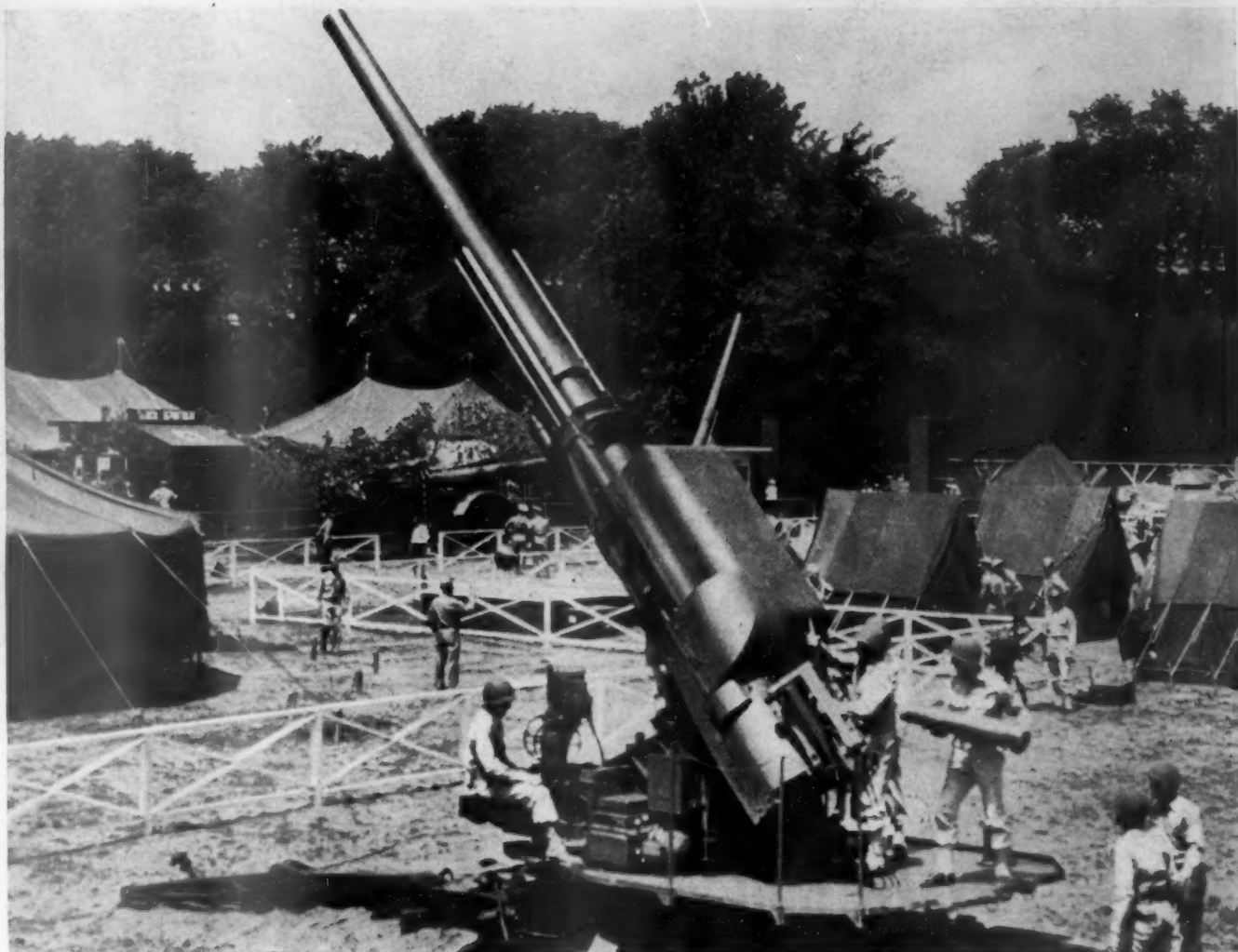
has interested many businessmen, and we'd like you to have one.

Ask for "Earnings after Fire" which can be furnished by any Travelers Fire agent or broker. Or, if you prefer, we will mail you this leaflet together with the name of your nearest Travelers agent.

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the Bell System's own manufacturing unit.

Service and Security. For many years this close, efficient association of research, development, and manufacture has helped to give this country the best telephone service in the world. It is now helping to give the nation the world's best fighting weapons.



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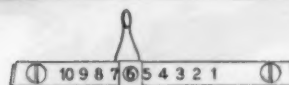
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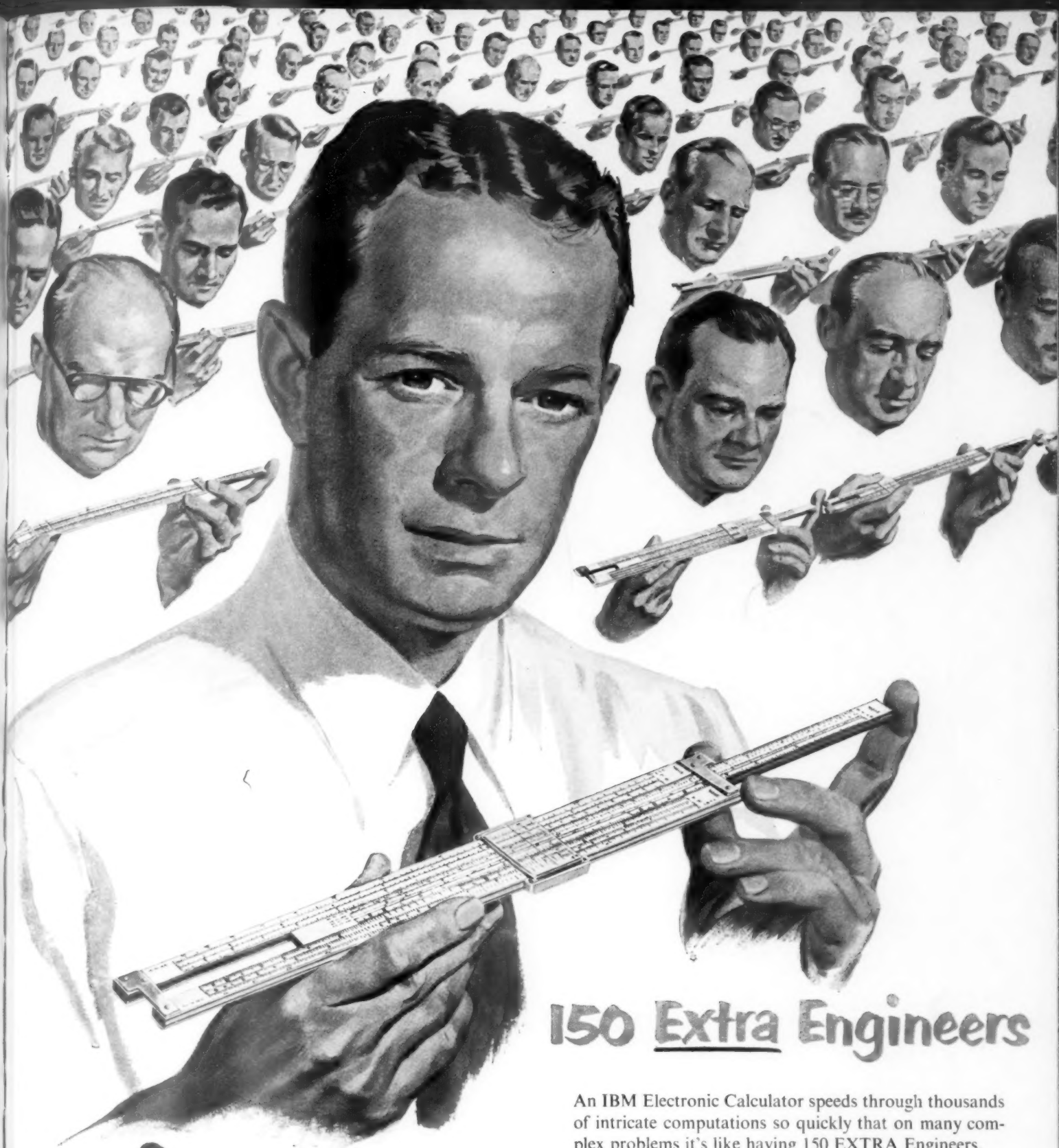
"Look Ahead—Look South!"

Ernest E. Davis
President



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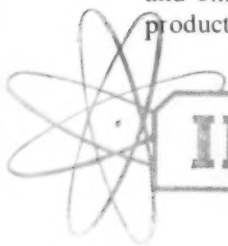


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